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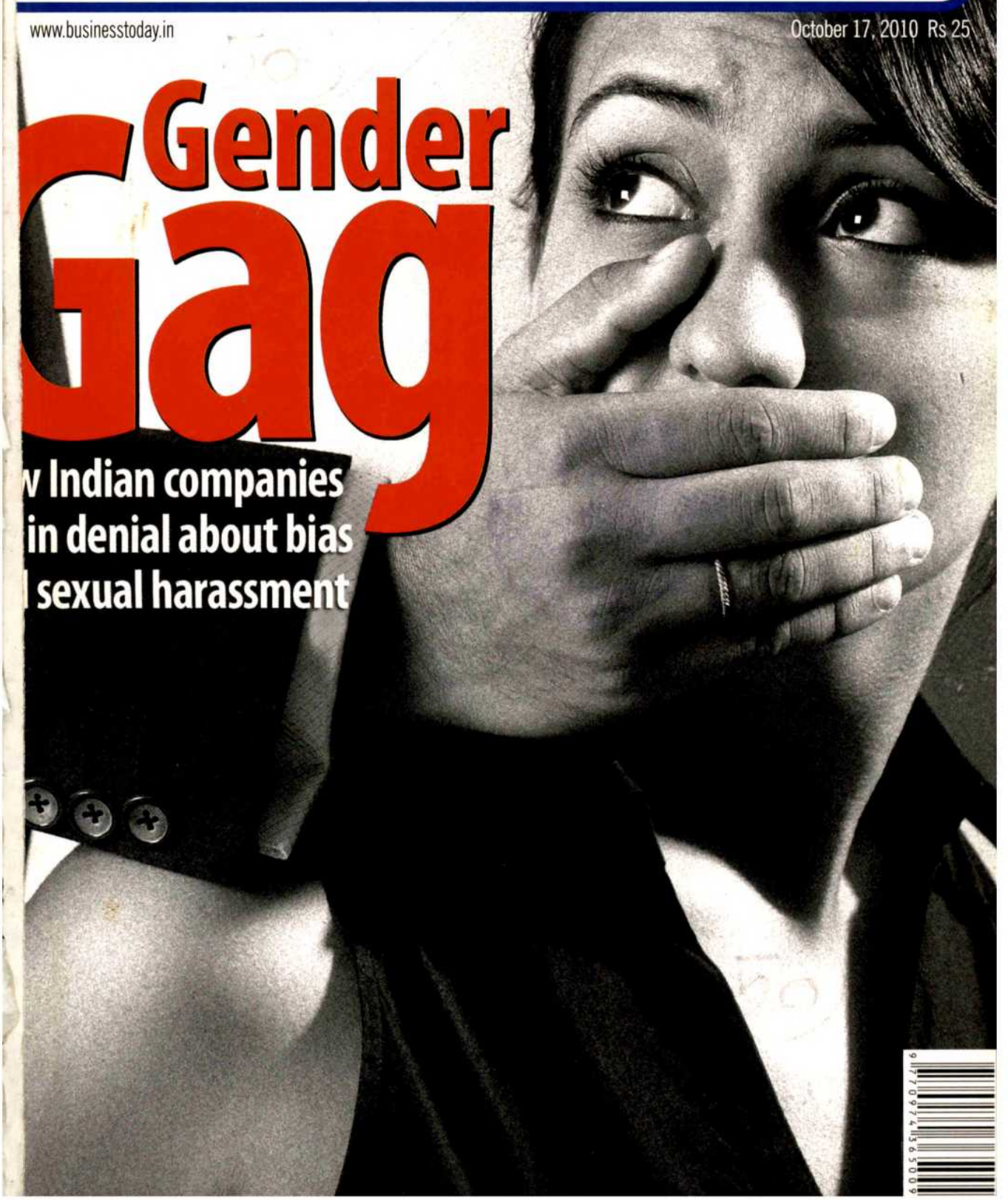
Gender Gag

v Indian companies in denial about bias l sexual harassment



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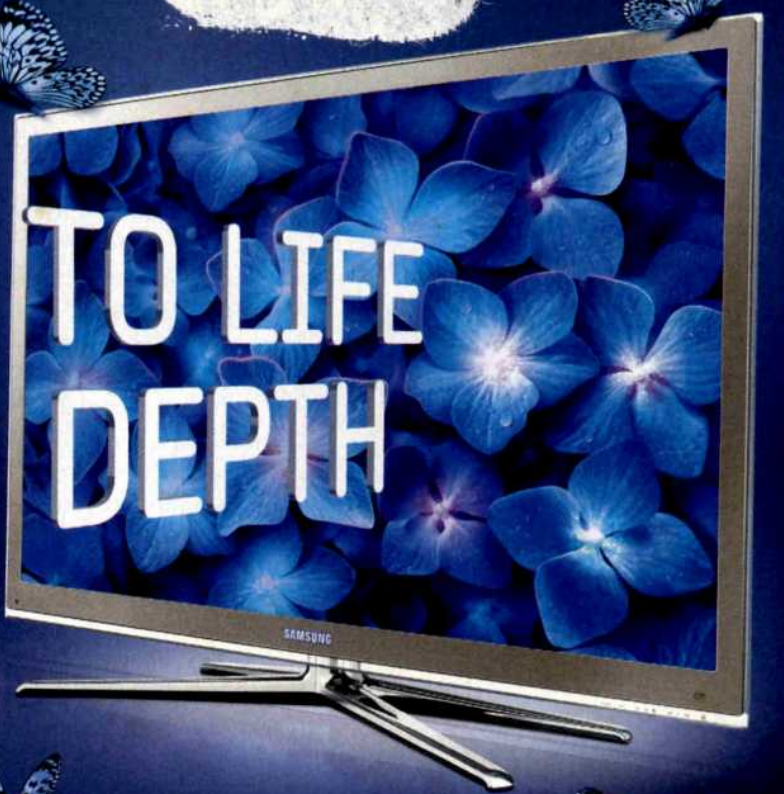

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From the Editor

Sexual harassment can be crude and overt or very subtle, but you know you are being sexually harassed when you experience it. Those around you may even be oblivious to it, especially if the dominant work culture is male. Harassment is upsetting, threatening, and insidious. It can be obliquely transmitted through glance or gesture or touch and teasing remark. It can sneak up on you at a raucous office party. It can even be non-sexual, through workplace policies, lack of consideration, organisational indifference, or lackadaisical enforcement of rules of conduct. We spend a very big chunk of our waking days at work, often in the clos confines of a modern-day wage slave galley, elbow-to-elbow with our keyboar and our computer screens. We should not only look forward to going to wor but feel safe and happy as well at work. Productivity, innovation and ultimate profitability are inextricably linked to a motivated workforce.

Does this happen? Not in abundance in India, where we are inundated l self-congratulatory predictions of when we will surpass China in GDP growt become the world's third-largest economy, and experience truly inclusive prosp ity. It is shocking that it has taken our mandarins years to draft legislation sexual harassment. The Protection of Women Against Sexual Harassment Workplace Bill is only just wending its way to the Union Cabinet.

In the absence of legislation, our justice system stepped into the breach, alb half a century after independence. Chief Justice J.S. Verma headed the Suprer Court bench that handed down a brilliantly lucid judgment in August 1997 *Vishaka vs State of Rajasthan*. Verma, who wrote the ruling, took the position th gender equality was a fundamental right. Laying down the law, the court list the different forms sexual harassment can take and ordered government a private-sector employers to amend service rules, set up complaints mechanisn and ensure punishment. "Appropriate work conditions should be provided respect of work, leisure, health and hygiene to further ensure that there is hostile environment towards women at workplaces and no employee wom (sic) should have reasonable grounds to believe that she is disadvantaged in c nection with her employment," the ruling said.

Verma, who headed the National Human Rights Commission after he stepp down as Chief Justice, told me that he felt much progress had been made both in t public and private sectors since that ruling 13 years ago. "The mere fact that withc any legislation service rules have been amended and the private sector has also co forward is encouraging," he said. "Even laws take time to be implemented."

But Indira Jaising, an Additional Solicitor-General of India and a fie defender of women's rights, is not so sanguine. She told me gender in the wo place was a "dismal state of affairs" and accused the private sector, in particul of "collusion between top management and the people who harass". Read h sobering column on page 48.

With women now constituting well over a third of the workforce, h bad are things? What are companies doing to improve awareness, ensu compliance, and penalise wrongdoers? What best practices have be adopted, and what more needs to be done? Saumya Bhattacharya and Pu Mehra spent weeks talking to women, rights groups, lawyers, HR professio als, psychologists, and senior company officials to piece together the though provoking cover package that begins on page 40. We hope it will trigg debate and lead to more equal workplaces.

Chaitanya Kalbag

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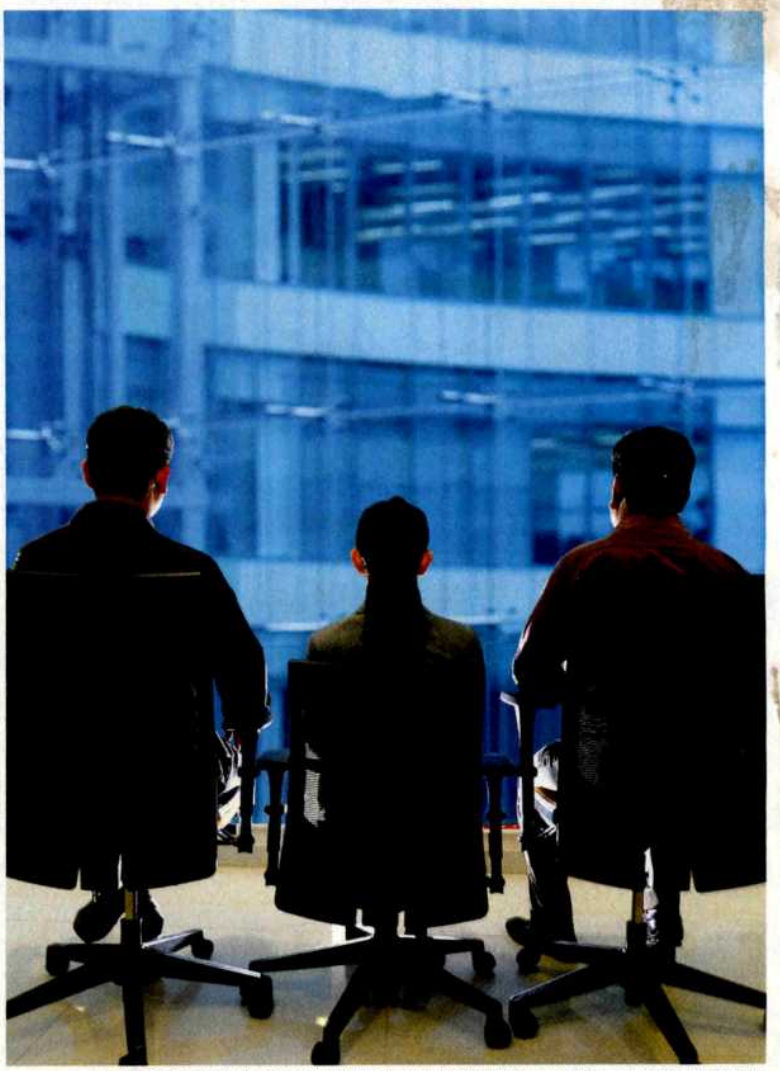

COVER BY KAPIL; PHOTOGRAPH: VIVAN MEHRA; COVER MODEL: SHREYA; PAGE 40: PRERNA (ELITE); MAKE UP: BIMLA TOPPO; STYLING: SHAMALI SINGH

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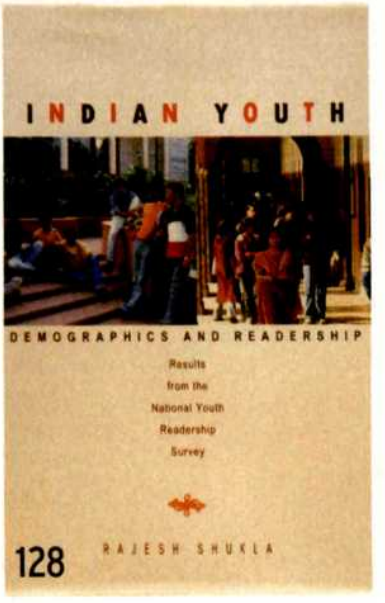

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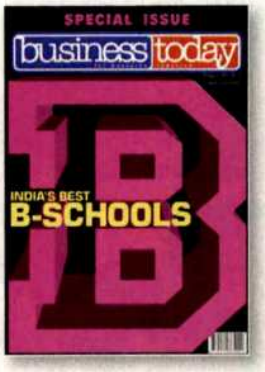
Rankings and Their Relevance

India's Best B-schools (BT cover, October 3) offers a credible measure of the quality of MBA education at top management institutes. Though I am kind of burnt out on B-school rankings cranked out by business publications of all hues, I hope MBA hopefuls will find yours more relevant and useful in deciding which school to attend. **Pranjal**, *Delhi*

BT's Rankings

I was shocked to see that TA Pai Management Institute, Manipal, was placed at No. 50 in your *India's Best B-schools* rankings. We are not convinced that due care was taken in collating the data. Your representative could have visited our campus before publishing such results.

Prof. Chowdari Prasad, Chairman - Branding & Promotion Committee, TAPMI, *Manipal*



BT's B-schools survey is a perception- based ranking covering 1,449 respondents in 13 Indian cities and conducted by globally respected consumer research firm Nielsen & Co. Please refer to page 54 of the issue for details of the survey methodology. Data compiled by BT staff runs from pages 150 through 158. — **Editor**

Just for the Dough

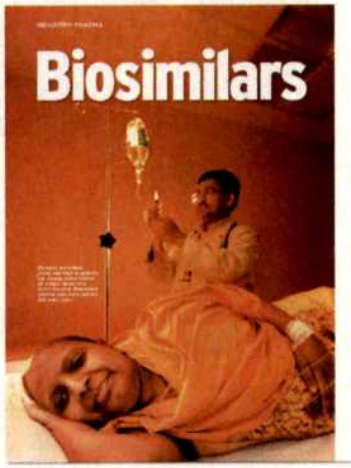
I wish your cover story helped find out what MBA applicants think is the biggest motivator for applying to B-schools. Are they really interested in business and the way it shapes society or are they only after salary and career boosts? **Neeraj Thakur**, *Pune*

Goodbye, Ta-ta

So much speculation about Ratan Tata (*CEO Watch*, *BT*, September 19) has piqued me into writing a short poem on his retirement and succession: *Very modest are Ratan's wishes and desires/ For life after he finally retires/ He doesn't want to leave on a wheel chair/ But wants to quit early and smell the fresh air/ Having devoted decades to the house Tatas built/ May he find a worthy successor to his empire/ And leave the house shipshape when he retires.* **J.S. Broca**, *Delhi*

Unfair Comparison

Don't Look, We Are Changing (*BT*, September 19) draws an unfair comparison between K.V. Kamath and Chanda Kochhar, who took over the reins of ICICI Bank at a time when India and the world was facing rough financial weather. **Bal Govind**, *Noida*



Innovations in Health Care

It's encouraging to know that the Indian pharma industry is ready to throw up more effective, differentiated and affordable health-care solutions (*Biosimilars Beckon*, *BT*, September 19). But how well we reap the benefits of the biosimilars revolution will depend on how fast those innovations are introduced in the Indian market and how their advantages are maximised to cover a wide therapeutic spectrum. **Dr Navneet Wadhwa**

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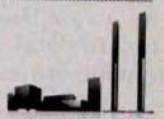

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India's Best B-schools

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Intensive Scare

Hospital-acquired infections and other illnesses caused by drug-resistant bacteria are on the rise. But instead of being a worry, it is turning out to be a huge opportunity for drug makers and medical suppliers — a Rs 3,000-crore annual market. But are more drugs, vaccines and disposable gowns the way forward?

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ILLUSTRATIONS BY KAPIL

Say No to Coercion

Land acquisition for industry through coercion by the State is not feasible in a democracy, argues Dr Amit Mitra.

Land, unlike all other factors of production, such as plant, machinery, labour, technology, human capital and innovation, is simply not reproducible. No wonder, the classical economists of the 18th and 19th century spoke of "rent from land" as against "profits" from all other factors of production. This fundamental difference lies at the heart of today's debate on the use of the predatory powers of the State to acquire land from farmers and put it to other uses.

In recent times, the debate on land acquisition captured the nation's attention through the Nandigram and Singur protests led by Trinamool Congress chief Mamata Banerjee against the CPI(M) government. These led to a rethinking among all political parties on the issue of land acquisition from farmers and tribals. The immediate result of this was the for-

mulation of the new Land Acquisition Bill to replace the century-old colonial Land Acquisition Act of 1894. The imperial British Act gave sovereign powers to the State to acquire land for "public purpose". The new Bill states that the government will not acquire land for private projects unless 70 per cent of the required land has already been purchased by the private sector promoter through direct negotiations.

The current Bill is merely amending the original colonial Act and, therefore, there is a strong point of view that we should have a new Act altogether. Rahul Gandhi, while visiting one of the disputed land sites, seemed to agree with his party's coalition partner Trinamool, stating that "a general view on the land Bill is that we (Congress-I and Trinamool Congress) are one on it". He flagged the issue of the extent to which private sector must purchase land before the government comes in to acquire the remainder.

What are the options for resolving these competitive demands of development, within an electoral democratic framework like that of India? Interestingly, this is not a problem faced in the "dictatorships of the proletariat". *The Economist* magazine reported that 90,000 mass demonstrations took place in China in 2006, many of which were against forcible acquisition of land by the State. Since then China has stopped reporting demonstrations.

One option for farmland acquisition by the government or the private sector has been acted upon by Haryana. Here, if the government acquires land from a farmer, it offers a market-based price as a lump sum payment and in addition it provides an annuity. The problem with this model is the potential predatory power of the State to "cajole" farmers to part with their land. Keeping this potential predatory power in mind, Mamata Banerjee wants the State to have no role in land acquisition, leaving it to private players to negotiate directly with landowners.

Of course, a special case of this debate centres around land with mineral resources, mostly concentrated in tribal areas. Here, the picture is more complicated since land is not privately owned with clear property titles. Most often, tribal land is a part of the "commons".

The government is now proposing that 26 per cent of the post-tax profit should go to the displaced population, who will then have to sort out how to share this compensation across the community. If a company is not making any profit and has nothing to share, an amount equivalent to the royalty paid to the State will be paid to the displaced community. This proposal has already been debated and is likely to reach the Union Cabinet and become a law. No doubt, industry has grave concerns on attracting investments and inducting technologies in mining after meeting these sizeable obligations, in addition to corporate taxes and royalty payments.

Today, the nation is facing a challenging issue. On one hand, nine million new jobs will have to be created annually, the bulk of which will have to be in the industrial and manufacturing sector, requiring land for the purpose. On the other hand, coercion of the State in acquiring land, in a democratic polity, is simply not feasible. The silver-lining is that 40 million hectares of land in India are arable but not cultivated today. Obviously, a major balancing act, with a distinct human face, will have to be worked out in the world's largest democracy in the years ahead.

The author is the Secretary General of FICCI

MITRA'S TAKE

- State should not use coercion to acquire land; a major balancing Act must be evolved
- The Haryana model of lump sum payment and annuity could work; but it vests power to the State to "cajole" farmers
- Proposal to share 26 per cent of the post- tax profit with displaced population would impose sizeable obligation on companies

WORDSMITH

(NEW WORDS IN BUSINESS)

Vaporware

(Way-Per-Wear)

What it means: A product, mostly hardware or software, which has been announced or marketed and has been delayed or perhaps may never be released.

Origin: Journalist and technology commentator

Empowering the Upright

Finally, the Central government is framing an overarching law to protect whistle-blowers. However, more needs to be done.

What's been proposed? The Public Interest Disclosure and Protection of Persons Making Disclosure Bill, 2010 promises to protect whistle-blowers who raise an alarm over fraud, corruption and mismanagement in government ministries, offices and agencies. The draft Bill proposes to slap heavy penalties on those who reveal the identity of the whistle-blowers. It could mean a jail term of up to three years and a fine of Rs 50,000. The Central Vigilance Commission (CVC) will be the nodal authority for handling complaints by whistle-blowers and will have the powers of a civil court. The Bill was cleared by the Union Cabinet and has been tabled in Parliament. It is expected to be passed in the winter session, which begins in November.

ANAND SINHA

What is different? India does not have any law to safeguard whistle-blowers right now. In 2004, the Supreme Court had stirred to action after the murder of National Highways Authority of India engineer Satyendra Dubey, who had exposed graft and corruption in highway projects. On the direction of Supreme Court, the CVC was designated the authority to handle all such complaints. But even this was restricted to Central government employees. Also, the earlier resolution did not mandate any penalty for revealing the identity of the whistle-blower.

Once the law is enacted, any person, including the NGOs, can make confidential disclosures and seek protection under this law.

What are the shortcomings? The Act does not apply to the private sector and the armed forces. Only corruption and unlawful loss to the government or unlawful gain to a public servant are covered. The Bill is silent on issues such as criminal offences, safety of individuals or community.

Then, experts think, that making CVC the nodal authority may not be the right option. CVC is seen as a toothless tiger without powers. Its primary job is to advise Central government agencies and it cannot register a criminal case or issue any directions to the investigating agencies.

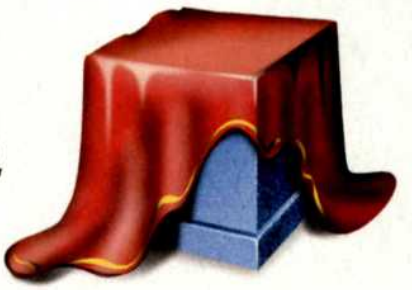
MANU KAUSHIK

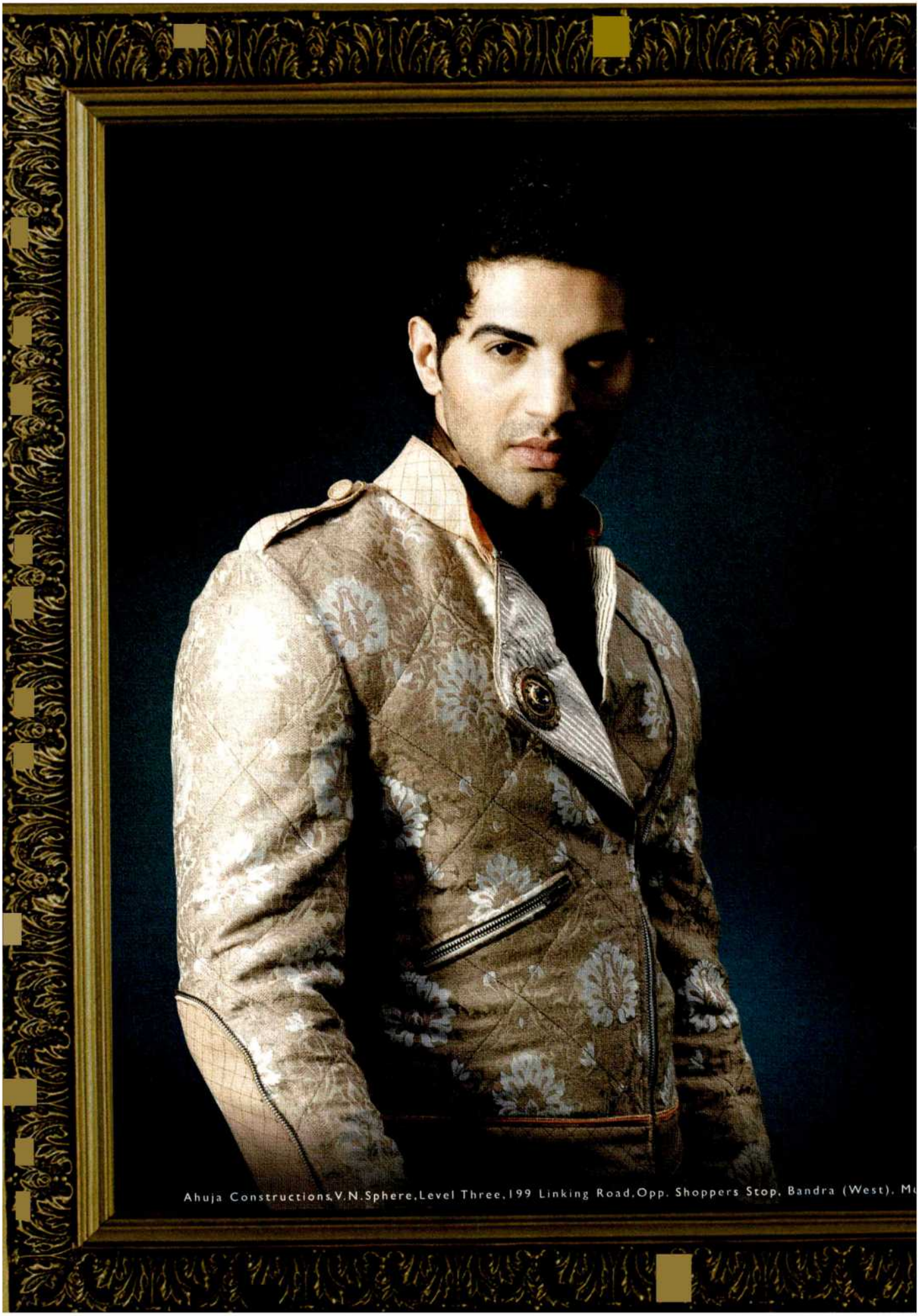
FACTBOX

- The new Bill gives power to all citizens to report wrongdoing in government bodies
- Proposes to penalise people who disclose the identity of the whistle-blower
- CVC is the nodal authority for handling complaints and reporting it to the CBI
- The private sector and armed forces have been kept out of the ambit of the proposed law

Esther Dyson used the word in 1983 in a newsletter, describing a Microsoft product whose development had been stopped.

Current usage: The game Duke Nukem is expected to hit the markets in 2011, 14 years after it was announced in 1997, making it the holy grail of all vaporware.

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How to Ensure Easy Settlement

Follow correct procedures to avoid roadblocks when making medical insurance claims. BY AJAY BIMBHET

The impasse between insurance companies and hospitals' cashless services has once again brought to the fore the troubles that plague policyholders. However, unlike the recent fracas, most problems faced by policyholders usually stem from their ignorance, especially when making claims. What steps should you take to ensure that the settlement process is smooth?

When buying a policy: The most common mistake policyholders make is not checking for diseases covered under the policy. For instance, insurance cover does not extend to surgery for correcting eyesight and hearing aids, among other things. Some policies do not cover non-surgical charges, such as room rent or doctor's fee. Others have a waiting period of 1-2 years before treatment expenses for certain diseases can be claimed. So, scrutinise all the exclusions in a policy before buying it. When filling up the proposal form, be honest about your medical condition. Suppressing facts while taking a policy can also lead to rejection of your claim.

When making a claim: Ensure that you make a claim within the time frame stipulated in your policy. Delaying the procedure may raise suspicion about its genuineness. Your claim may be rejected because of incomplete documentation. And importantly, check that the hospital you are being treated in is included in the network of the third-party administrator (TPA) engaged by the insurance company.

CHECKLIST

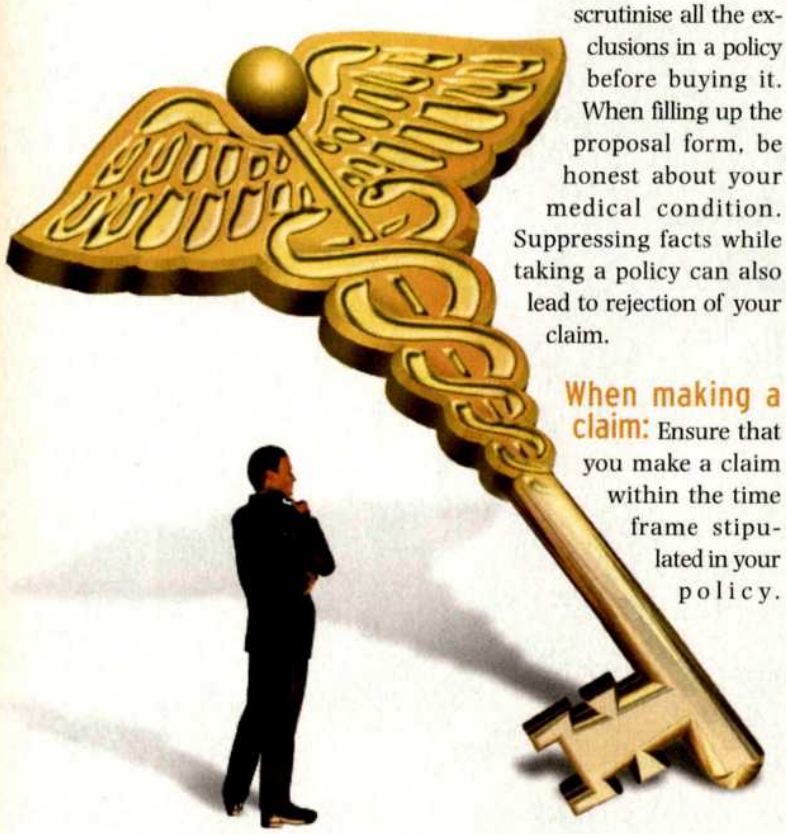
- Make a claim within the time stipulated in the policy
- Ensure that the hospital is in the network of the insurance company's TPA
- Don't suppress facts about your medical condition when buying a policy

Cashless claims: At times, policyholders initiate the cashless procedure after getting admitted to a hospital even though they are aware of the impending surgery. Ideally, such a request should be sent three days before hospitalisation. This ensures you have the letter of guarantee from the TPA at the time of admission. It will also clarify doubts over the claim being payable or not and, if payable, the amount that is guaranteed by the TPA. For an emergency hospitalisation, the TPA should be intimated within 24 hours of being admitted. Always carry the health card, which has your unique membership number, along with an identity proof, to enable the TPA to provide the cashless benefit. Insist on signing the final bill before discharge and take a copy of the discharge summary from the hospital.

Reimbursing claims: Get the original discharge summary and reports from the hospital, along with the copies of all lab reports for future medical follow-ups. You will also have to submit all prescriptions for medicine and lab tests. Ensure that receipts for all payments made to the hospital/physician are properly numbered, stamped and signed. In case of a road mishap, lodge a complaint with the police and get a copy of the FIR. To avoid problems such as the loss of your claim documents in transit, retain copies before submitting the originals to the insurance company.

The writer is MD of Royal Sundaram Alliance Insurance Company

Courtesy: *Money Today*



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Web Site

Microsoft's latest browser, Motorola's Android Tablet phone, and an all-new Twitter

Twitter Re-invention

Over the past few weeks, Twitter has made life a bit complicated for those who choose to access Twitter from outside applications with a whole new authorisation process. People used applications to access Twitter, rather than the web site, largely because most of these applications (such as TweetDeck) gave you a comprehensive view of replies, re-tweets and followers in one page. As Twitter moves to a model to monetise itself, it wants more people using the web site (or Twitter's own apps on the iPhone, Android or BlackBerry). The web site incorporates some of the features of the best applications – a user's home page now will show replies, re-tweets, followers and also how to find associated content all in one page. The feature is yet to be rolled out to most users and we are still waiting to try it, hoping it does not ruin the Twitter experience.

-KM

Back in the Game — Microsoft Internet Explorer 9 Beta

How times have changed. In less than five years, Microsoft has gone from topdog to, well, underdog in the technology world behind Google and Apple. But Windows still powers most personal computers and Microsoft Internet Explorer (IE) remains the dominant Web browser despite the emergence of Mozilla Firefox, Opera, Google Chrome and Apple Safari.

For most Web developers, though, IE is still the most derided of all Web browsers as older versions of the browser, particularly IE 6, did not comply with many Web standards. So, the latest browser by Microsoft is surprising as it's the most compliant browser, particularly for the new HTML5 standard that many companies, including Apple and Google, feel will be the future of the Web.

IE 9 Beta uses several of the graphical enhancements of Windows Vista and Windows 7, and is the first version of IE not to work on Windows XP. In doing so, it harnesses the power of the graphical processor as well, which dramatically improves the Internet experience. It is likely that soon-to-be-introduced newer versions of Chrome (version 7) and Mozilla Firefox (version 4) will emulate IE 9, but at least Microsoft is back in the game.

KUSHAN MITRA

- Compliant to Web standards
- Works only on Windows Vista and Windows 7

Falling Short — Motorola Milestone XT720

It looks great — beautiful 480x854 pixel screen, a very good eight megapixel camera which can also record 720p High-Definition video. It has an HDMI out port that allows you to connect the device to an HD television, well before the Nokia N8 — with same much-hyped feature — is actually available. It runs version 2.1 of Android — while not the latest, Motorola promises a version upgrade. So far so good, but we have an issue. The Milestone comes with an ARM Cortex A8 processor which runs at a modest 720 MHz. Now in an age of devices running zippy 1 GHz processors — the Samsung Galaxy S and HTC Desire, both Android devices, though neither with HD video admittedly — the Milestone XT720 feels sluggish in comparison. More so, when you consider that Android unlike the iOS allows one to run several applications at once.

Not that the XT720 is bad, but the Android device environment is getting quite crowded topside, and you feel that Motorola could have put some more muscle inside.

-KM

- Excellent camera with HDMI out port, great touch screen
- Processor could be faster

Price: Rs 27,490

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*Available in ZXi and ZXi-leather. #Source: Autocar, August 2010. Accessories shown are not part of standard equipment. Car colour may vary from actual body colour due to printing on paper. Specifications may vary basis variant.

RAVI SAHANI

"Prosperity needs to move seamlessly across the world, so that no country is left behind. This means the corporate CEO and the ambassador are locked in partnership"

Indra Nooyi, *PepsiCo Chairman and CEO, addressing Indian ambassadors in New Delhi, in* The Economic Times

"There must be a super-regulatory body to oversee the use and preservation of natural resources"

Kaushik Basu, *Chief Economic Advisor, Ministry of Finance, in* The Financial Express

"Our expectation is, given the monsoon situation, 2010 will be one of the best years for crops and we will have a bumper harvest"

Sharad Pawar, *Agriculture Minister, quoted by wire agencies*

"Students in Bangalore or Beijing are working harder than ever... your success is going to determine America's success in the 21st century"

Barack Obama, *speaking to American students, quoted by wire agencies*

"We need checks and balances on new bank licensees. Businesses which have access to capital with proven credibility become prime candidates"

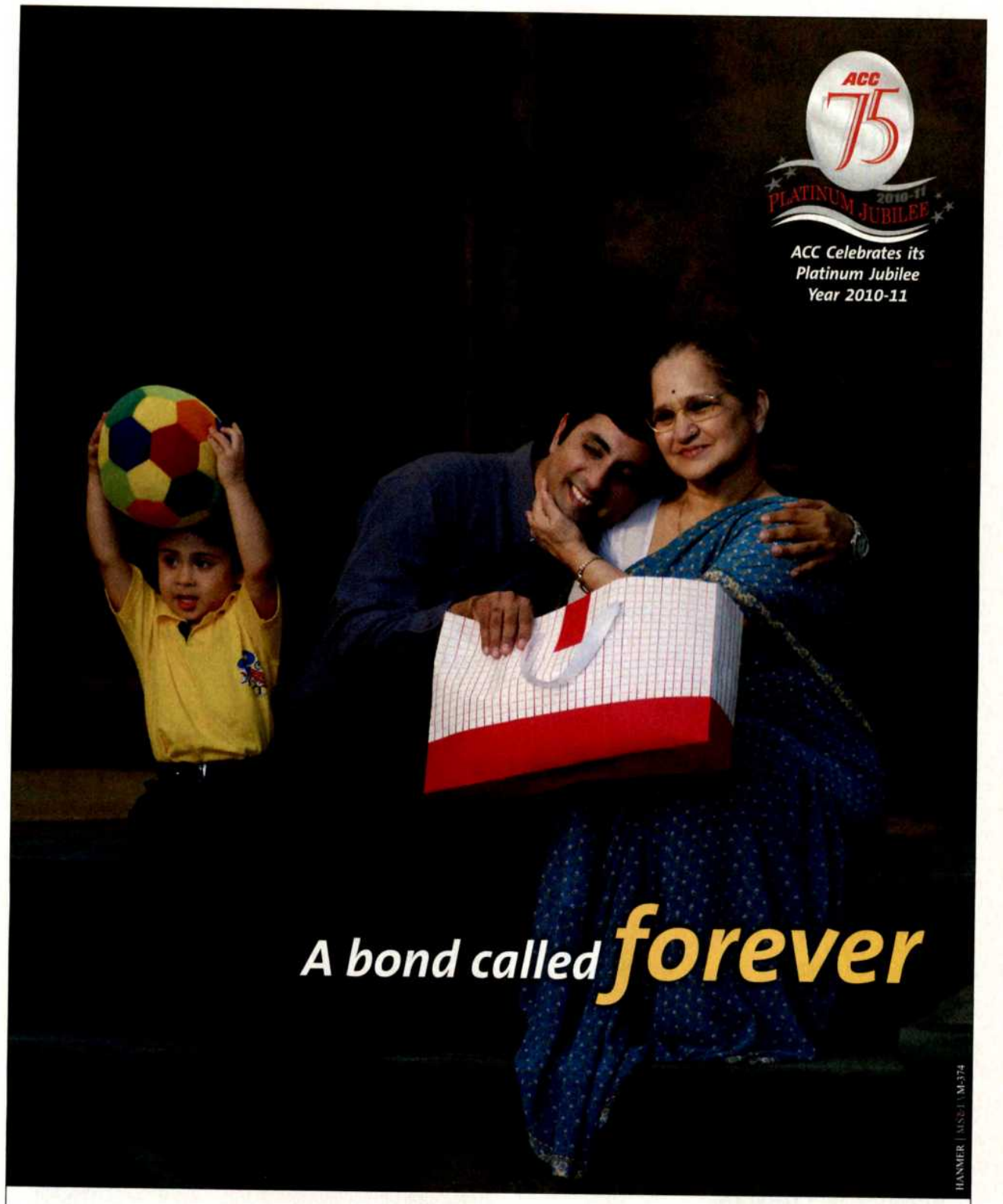
K.V. Kamath, *ICICI Bank, Chairman, on whether corporate houses should be given bank licences, on* CNBC-TV18

BHASKAR PAUL

CLASSIC BUSINESS QUOTE

"Poverty has been created by the economic and social system that we have designed for the world"

Muhammad Yunus, *the pioneer of microfinance, and Founder of Grameen Bank*



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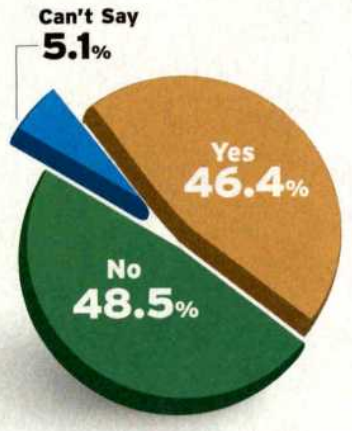
Build with confidence

Can the global economy slip into a double-dip recession?



Results of *BT* online poll; No. of respondents: 185

A majority believes that a double-dip recession is unlikely. And that also seems to be the dominant view across the globe even though the economic recovery remains fragile.

Crucially, retail sales in major economies are rebounding. This has helped ease fears of a double-dip. But high jobless rates in the developed world remain a big challenge for policymakers. At last count, there were some 50 million unemployed people in OECD countries. While emerging economies such as India are better-placed because of their robust domestic consumption, they are feeling the pressure of sluggish exports.

So, expect the global recovery to be a long-drawn-out process.

Next poll question:

Is the spurt in gold prices a bubble in the making?

Log on to www.businesstoday.in to cast your vote

BT-CARMA

CEO Watch

INDIA'S AND THE WORLD'S MOST TALKED-ABOUT CEOs IN SEPTEMBER

Ratan Tata

Ratan Tata was once again in the limelight for the succession drama unfolding at the Tata group. His decision to opt out of the search committee appointed to choose his successor got him the maximum space in the pink papers.

A couple of other heavyweight CEOs also made it to our Top 10, because of succession issues. S. Gopalakrishnan of Infosys was the sixth most written-about CEO following speculation that he would replace N.R. Narayana Murthy as chairman once he steps down as the CEO in 2012. L&T's A.M. Naik was in the limelight for his statement that the process to cherry-pick his successor is already under way. He is at the Number Eight slot.

TOP 10 INDIAN CEOs

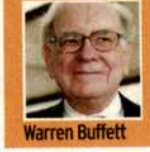
Mukesh Ambani

Chanda Kochhar

Rank	CEO/Company	No. of Stories	
1	Ratan Tata | TATA	89	▲
2	Mukesh Ambani | RIL	23	■
3	O.P. Bhatt | SBI	16	▲
4	Anil Ambani | ADAG	14	
5	Chanda Kochhar | ICICI Bank	11	▼
6	S. Gopalakrishnan | Infosys	10	
7	R.S. Sharma | ONGC	9	NEW
8	A.M. Naik | L&T	7	NEW
9	R.M. Malla | IDBI Bank	7	NEW
10	R.S. Sharma | NTPC	6	NEW

TOP 10 GLOBAL CEOs

Marius Kloppers


Warren Buffett

Rank	CEO/Company	No. of Stories	
1	Marius Kloppers | BHP Billiton	103	▲
2	Warren Buffett | Berkshire Hathaway	67	
3	Larry Ellison | Oracle	58	NEW
4	Steve Jobs | Apple Inc.	48	
5	Edward E. Whitacre | Ex-GM	42	▲
6	Bob Diamond | Barclays	39	NEW
7	Rupert Murdoch | News Corp	38	▼
8	Eric Schmidt | Google	35	
9	Mark Hurd | Ex-HP	34	▼
10	Michael Dell | Dell	29	NEW

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BT-TAM

Most-watched Ads in August 2010

The churn in our Most-watched Ads rankings is a tell-tale sign of an economy in full throttle. Companies are aggressively promoting brands to wrest market share. While FMCG companies, not surprisingly, still dominate the list, for the first time a bank has topped our charts. Kotak Mahindra Bank leads the pack this time, while the Number One in our list in July, Dettol Toilet Soap, has dropped to Number Five in the pecking order.

The **Top Five...**

1 KOTAK MAHINDRA BANK GRPs: 905 Seconds on air: 216,795

2 Cadbury Celeb Rich Dry Fruit
GRPs: 891
Seconds on air: 261,075

3 Cadbury Dairy Milk Chocolate
GRPs: 819
Seconds on air: 359,525

4 Axe Musicstar
GRPs: 778
Seconds on air: 251,050

5 Dettol Toilet Soaps
GRPs: 778
Seconds on air: 262,900

... And the **Other Twenty**

RANK/BRAND		GRPs
6	Cadbury Bournvita Plus Plus	765
7	Vodafone Cellular Phone Service	704
8	Tata Indicom Ulta Plan	698
9	Pantene Pro V Nourished Shine	693
10	Rin (New Flavour)	658
11	Fair & Lovely Multivitamin	655
12	Act II Microwave Popcorn	650
13	Sun Direct	640
14	Colgate Total Clean Mint	620
15	Pears Germs Shield	616
16	Nestle Kit Kat	616
17	Fair & Lovely Multivitamin	593
18	Nestle Munch	569
19	Cadbury Dairy Milk Eclairs	563
20	Pureit Marvella	562
21	Hero Honda Passion Pro	559
22	Lifebuoy Total	544
23	Colgate Dental Cream	540
24	Tide Plus	539
25	Dove Fresh Moisture	528

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NUMBERS OF NOTE

EXPORTS

RS 76,544 CR
The value of India's exports, which grew 22.5 per cent in August, driven by a recovery in the global economy. Imports grew 32.3 per cent to Rs 136,620 crore.

25%
The expected fall in India's iron ore exports this year, due to the crackdown on illegal mining and ban on exports by Karnataka.

RS 52,600 CR
The value of gems and jewellery exported by India during the April-July period, recording a growth of 54 per cent year-on-year.

7%
The dip in Indian passenger car exports which fell to 37,952 units in August, as automakers shifted focus to domestic markets.

RS 228,600 CR
The value of India's software exports in 2009-10, growing a mere 5.5 per cent. Experts feel until the US economy fully recovers, growth will remain sluggish.

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INNOCEAN-096/10

Best exchange value through ADVANTAGE

Rashmi is in her early 30s. A creative director with a popular ad agency, her career began ten years ago. Rashmi loves her job and gives it her all. Even if it means long hours, maddening deadlines or lack of sleep. She has been complaining of recurrent back and shoulder pain for some months now. Besides adding a cushion to her chair and keeping some pain killers handy, she has done little about it. It's just a little ache, after all. Recently, Rashmi was diagnosed with cervical spondylitis with severe spasms of neck muscles, a condition that's made it difficult for her to even sit for over an hour at a stretch. She has been advised to take a break from work for at least six weeks. Rashmi is one of the near millions in the country affected by MSD.

WORK BECOMING **A PAIN** IN THE BACK?

SYMPTOMS TO WATCH OUT FOR

***Pain**, including tingling, numbness, burning, swelling, stiffness and crampir in the neck, shoulders, wrist, fingers and back is the chief symptom of mos MSDs.*

***Discomfort** while moving any part of the body.*

***Joint stiffness** usually when getting up after sitting/resting in one position at a stretch.*

MUSCULOSKELETAL DISORDER – TODAY'S OFFICE GOERS' DISEASE

Musculoskeletal disorders (MSDs) develop over time and can affect the body's muscles, joints, tendons, ligaments and nerves. There are several reasons why young corporate professionals are most vulnerable to MSDs, the leading cause though is improper seating, especially for more than 4-5 hours at a stretch. Health problems range from discomfort, minor aches and pains, to more serious medical conditions like cervical spondylitis. Thanks to sedentary work cultures, coupled with stress and unhealthy lifestyles, more and more corporate professionals in the country are falling prey to this phenomenon.

"There has been an alarming rise in MSD cases in the last decade. Without proper care, these can lead to serious and irreversible consequences."

Dr Kishore Madhwani, Occupational Health Specialist & Consulting Physician, Mumbai.

The average office-goer is spending more time than ever in front of the computer. And the need for comfortable seating has never been greater. In today's day and time, we value our jobs more than life. Isn't it time we gave a comfortable work life a thought?

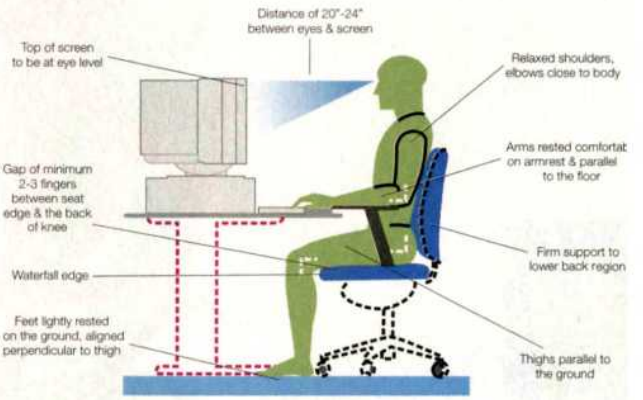
WHAT YOU CAN DO

*Select the **right chair** – one that supports the natural S-curve of the spine.*

*Adopt the **correct work posture**, as depicted in the illustration below.*

***Maintain stress-free arrangement of work desk** - monitor at arm's length and at ey level, keyboard & mouse within forearm's reach and telephone within arm's limits.*

***Exercise** and take regular breaks while working.*



Pictograph - Courtesy Godrej Inter

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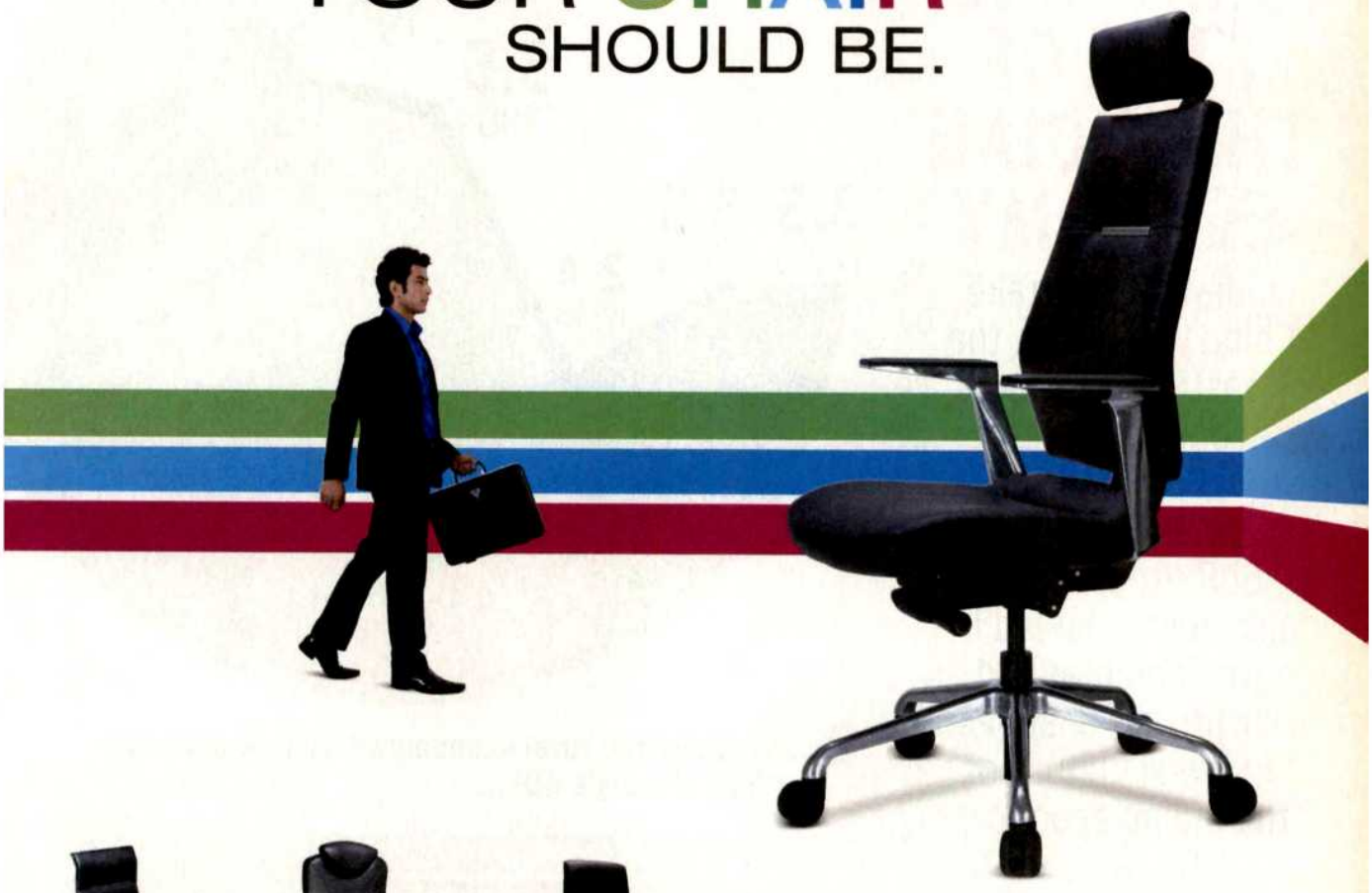

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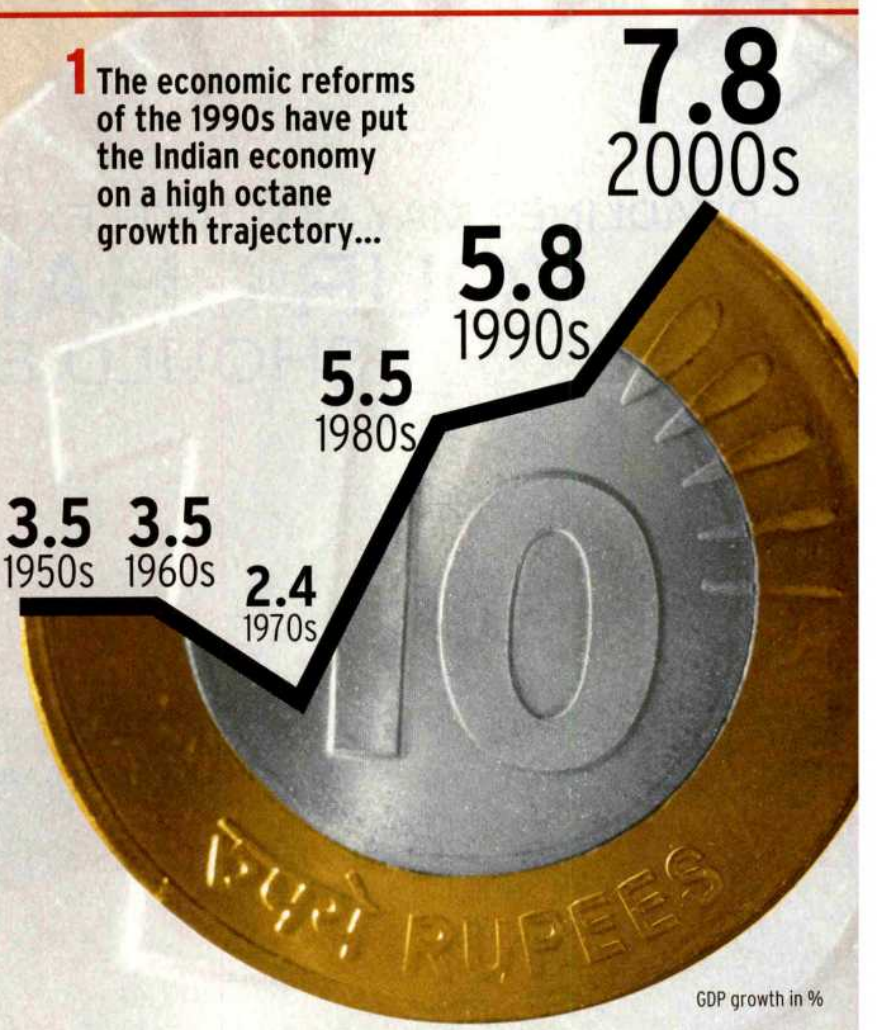
THE CHANGING FACE OF THE INDIAN ECONOMY

India will overtake China to become the fastest-growing economy by 2013, according to some estimates. The GDP expansion is also accompanied by fundamental and surprising changes in the structure of the Indian economy.

1 The economic reforms of the 1990s have put the Indian economy on a high octane growth trajectory...



GDP growth in %

2 ...driven by the rural economy which now accounts for half of India's GDP...

	Urban	Rural
1970-71	62	38
1980-81	59	41
1990-91	54	46
1999-00	48	52
2004-05	48	52

Figures in %

5 STEPS TO HERE

THE SENSEX YO-YO

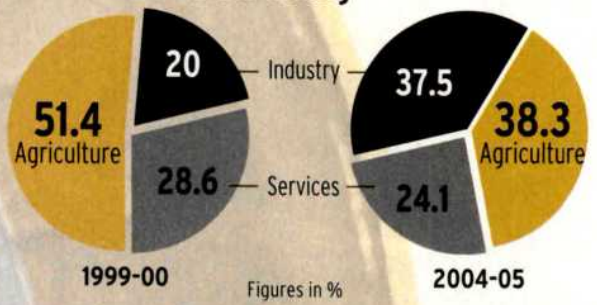
1

October 29, 2007
Powered by aggressive buying by domestic and international investors ahead of a US Federal Reserve meeting, the Sensex breaches the 20,000-mark for the first time.

2

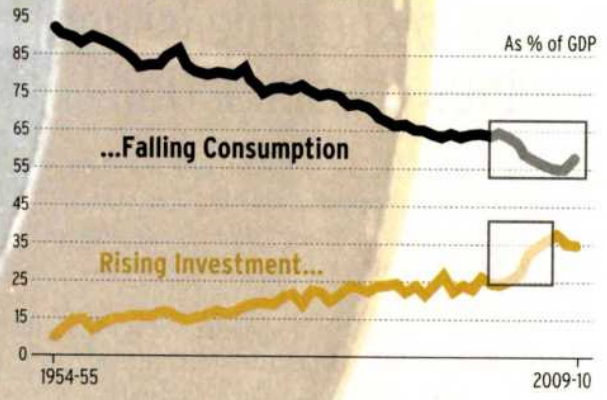
January 9, 2008
Forty-nine trading sessions later, the Sensex breaches the 21,000-mark, spurred largely by domestic buying.

3 ...even though the share of agriculture in rural GDP is shrinking

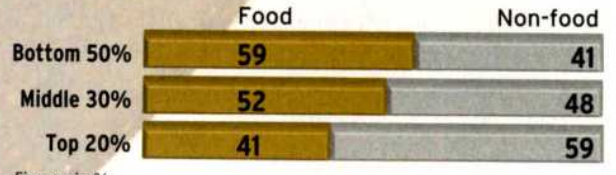


Figures in %

4 GDP growth is investment-led and not consumption-led as believed...



5 ...but that could change as Indians are spending more on non-food items



Figures in %

Source: HDFC Securities

KULDEEP

BT Retro

BT, August 12, 2006

Gullible's Travels?

THEN: When two of Silicon Valley's best-known venture capitalists (VCs) — KPCB's John Doerr and Sherpalo Ventures' Ram Shriram — made their first investments in India recently, one of the two Internet companies they picked was Cleartrip.com. The $3-million (Rs 13.5-crore) investment hasn't yet been formally announced because Cleartrip.com is a work-in-progress. But Doerr and Shriram were hardly the only VCs betting big money on a travel portal. In the space of 10 months, three other travel portals have attracted venture capital. All the wide-eyed VCs are parroting a number produced and hyped obviously by the travel industry. WestBridge expects the Indian travel industry to touch $32 billion or Rs 144,000 crore by 2008 and Norwest puts it even higher at $50 billion or Rs 225,000 crore by 2009. The current size of e-Commerce in India is estimated at Rs 1,500 crore, of which two-thirds is from online travel. For the travel portals to grow, the Internet penetration in India will have to increase significantly. Currently, there are about 40 million Internet users in the country. Sure, by 2010, the number is expected to jump to 110 million, but that may not be large enough for a crowded online market. Says a prominent VC who is currently considering five such investment proposals: "I think there will be only two players who will survive in the long run."

NOW: The Indian online travel portal market has witnessed frenetic activity in the past four years. Recently, MakeMyTrip successfully listed on Nasdaq while Yatra.com has similar plans.

3

October 27, 2008

Depressed by the financial meltdown in the US and slowing corporate growth in India, the Sensex plunges below 8,000 points.

4

May 19, 2009

With the UPA's near-majority in the elections, the Sensex surges 2,111 points or 17.3 per cent in a single trading session to close at 14,284 points.

5

September 14, 2010

An FII-led rally buoys the Sensex above 19,000.

T.V. MAHALINGAM

"CUSTOMERS MUST BE RETAINED"

Finally, an employee perspective on the Satyam debacle. PRISCILLA NELSON was the Global Director of People Leadership, while Ed Cohen was the chief learning officer at the beleaguered company during the crisis. The husband-wife duo spoke to *BT*'s SHALINI S. DAGAR. Edited excerpts:

"We had these 30-, 60- and 90-day plans in place within 48 hours of the news break. We looked at what was known, what was not known and what was possible. And we worked out multiple scenarios. The new 'lights on' strategy was more about getting through each day. We began the arduous process of selecting essential services to continue, new services that were necessary, and services that needed to be curtailed. The basic lesson here is that while an organisation is on the first 90-day journey through a crisis, its customers need to be retained, its revenues must be earned and its projects must continue to be delivered.

"When Anand Mahindra was interviewed after the sale, he said our two priorities were governance and profitability. From my perspective, that was a big mistake, because he forgot that there were thousands of people working to put the company back together."

MONEY SHARMA

Ed Cohen and Priscilla Nelson

UMESH GOSWAMI

"Cross-border ownership issues prevent airlines consolidation"

British Airways boss **WILLIE WALSH** *boarded a Kingfisher flight to India in August to solemnise a code-sharing agreement, which would allow* BA *customers access to Indian domestic routes using the Kingfisher network. Walsh took out time to speak to* BT's **T.V. MAHALINGAM.** *Edited excerpts:*

Code-sharing arrangement with Kingfisher: Kingfisher will be joining the Oneworld Alliance. From a Oneworld perspective, we have been looking for an Indian partner. So, we have had meetings with Kingfisher and Jet on several occasions the past few years. Oneworld encourages strong partnerships between airlines within the alliance.

India's aviation infrastructure: It is a topic that comes up everywhere in the world. In China, everyone talks of infrastructure. You go to the United Kingdom, it is the same. In India, it is a reflection of the growth in demand. We have seen new airports (Hyderabad, Bangalore), we have seen new terminals (Delhi)... there is investment going on, but it is not able to match up with the growth in demand.

The changing nature of industry: Ours is a fragmented industry. There are over 1,100 airlines in the world. Over half of them were created in the last 10 years. So, we have an industry that has not consolidated mainly because there are issues around (cross-border) ownership.

Words of advice for Air India, which faces labour issues, like BA: The airlines industry has changed structurally in the last 10 years. Six hundred new airlines, cost of fuel... 10 years ago, it was $30 a barrel, now it is $80 a barrel. Airlines have to respond. Those that do not respond will continue to make losses, and you cannot keep believing that governments will bail you out with cash. These are structural problems that need to be tackled and that is what separates the winners from the losers.

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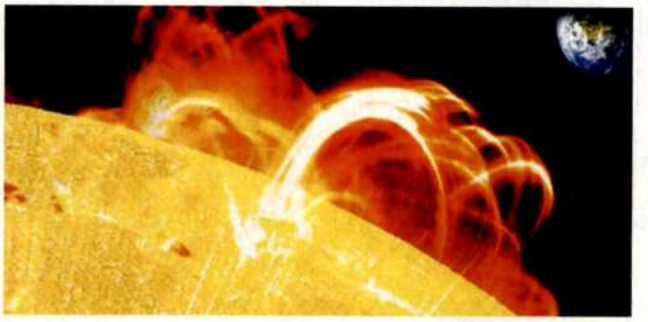
HOW THINGS WORK

Solar Flares

The US space research agency NASA has warned that solar flares in 2013 could wreck global satellite communication and knock out electricity grids, causing blackouts in major parts of the world. Even as the thought of life without air conditioning, (or worse, Twitter) sounds scary, can something happening 149 million kilometres away really affect us?

The answer is — yes. A powerful solar flare releases as much energy as 100 million hydrogen bombs, each of which is several thousand times bigger than the bombs that laid waste to Hiroshima. To make a point, a particularly large solar flare in 2005 released a high concentration of protons, which reached the earth in less than 15 minutes. And what does such a proton storm do?

In a spacecraft or a satellite, they fry communication systems, "causing short circuits and computer reboots", according to NASA. Even worse, they penetrate space suits and that is not good news for astronauts. So, is it Apocalypse time in 2013? Not necessarily. Spacecraft can be put on a safe mode and transmitters downed temporarily, if you know when a solar flare is likely to erupt. Question is: do we? The answer: not for sure.



COMPILED BY T.V. MAHALINGAM

JUST WONDERING

Walking on Water

Here is another Mumbai project that has been on paper forever. Twenty-seven years, to be precise. The idea of connecting the business hub of Nariman Point to the outskirts of Borivali through a waterway with hovercraft and catamarans was mooted first in 1983. It found mention in a report titled "Development of waterways around Bombay Harbour for Commuter Traffic" which was prepared by an expert group of the Home Department, Government of Maharashtra. Since then, five more studies have been tabled — the last one in 1995. Bids went for auction several times, winners were announced, followed by litigation and fresh round of bidding. Last heard, the Maharashtra State Road Development Corporation (MSRDC), the government body overseeing the project, had awarded the contract to Pratibha Industries a few months ago and a previous bidder had litigated. The Bombay High Court ruled in favour of MSRDC. Once the government approves the project, the first boat can ply within two years. And hope floats.

Quirky

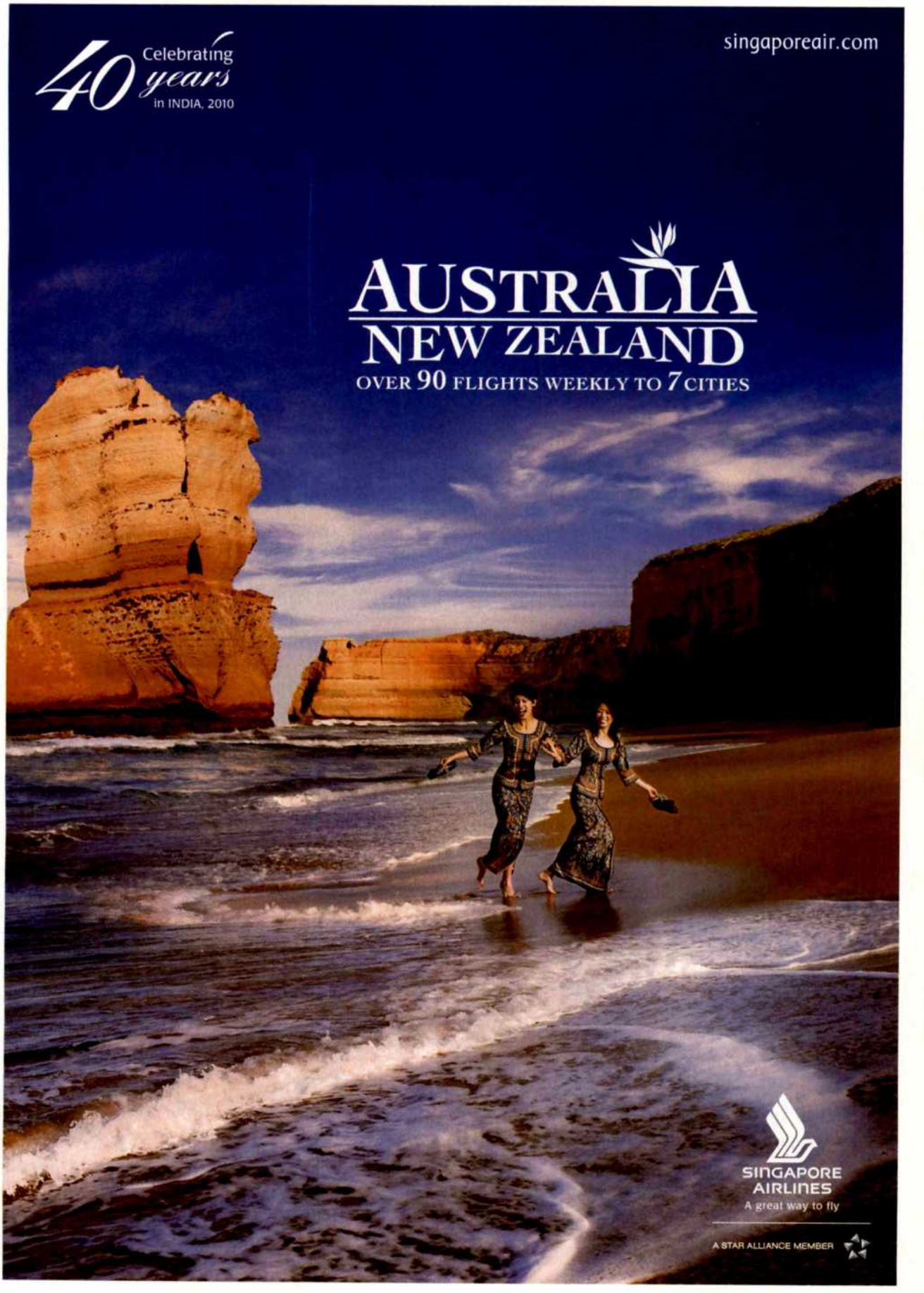
Of Munni and Kaka

Bollywood B-grade movie fans may remember a movie called *Agar Tum Na Hote*. Back in 1983, this flick was a comeback vehicle of sorts for rapidly-fading superstar Rajesh Khanna. The movie was the beginning of in-film advertising in India and Emami products were spotted by the cinegoers. Twenty-seven years later, Khanna and even his daughter have bid adieu to cinema and Emami reels in over Rs 1,600 crore in annual revenues. However, Emami's promoters actually slapped a notice on the makers of the Salman Khan-starrer *Dabangg* for copyright violation and using the name of their brand 'Zandu Balm' without their permission in the biggest hit song of 2010, *Munni Badnam Hui*. In a twist to the plot, last heard, the two sides had patched up and Munni (Malaika Arora) would now be the brand ambassador for Zandu Balm. Guess what works for Kaka also works for Munni.

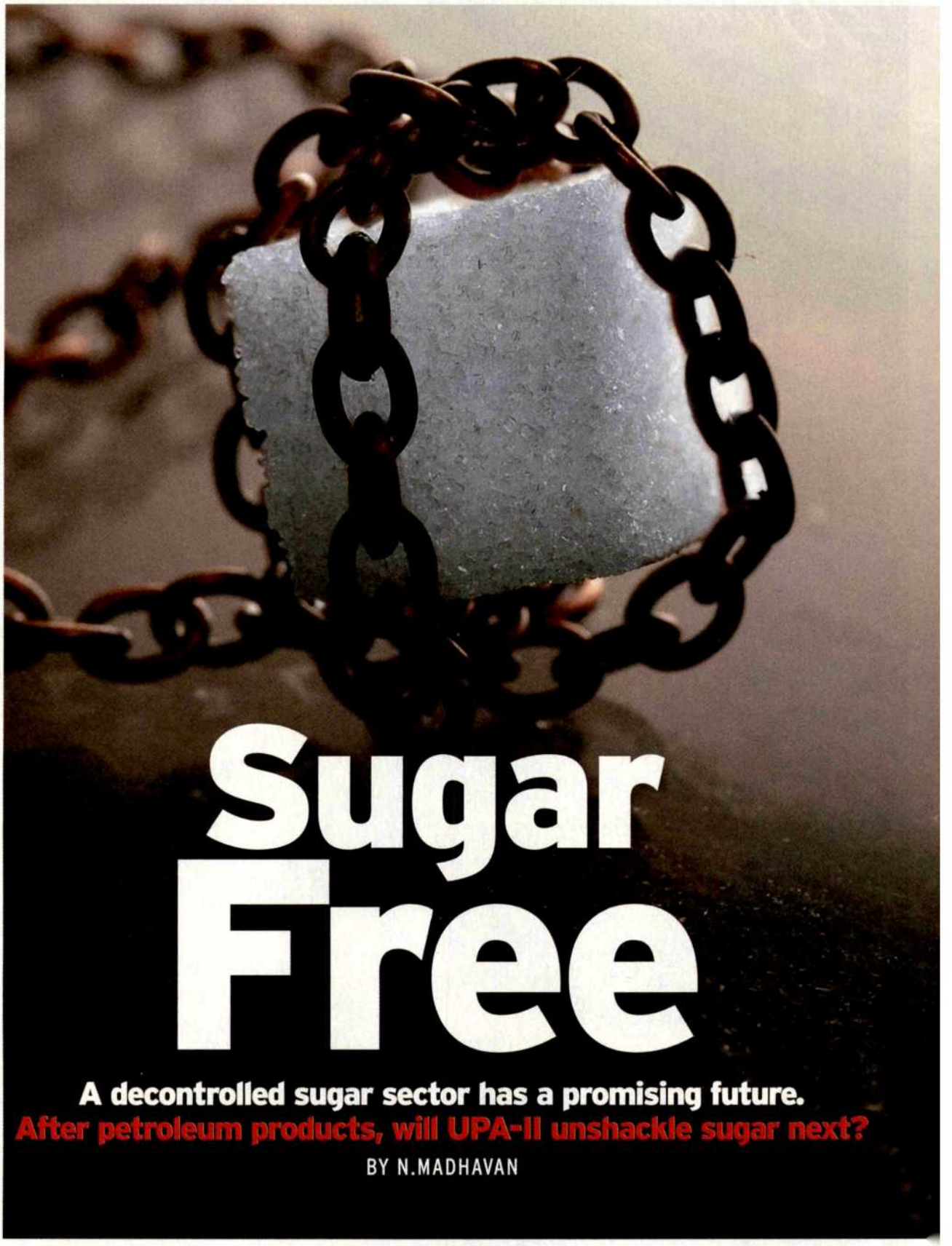
Snoot Corner

The Golden Pen

Well, if you have that bungalow with the temperature-controlled swimming pool and that manadatory Merc, here's good news for you. Luxury penmaker Mont Blanc has just hit the market with a $27,000 pen. The diamond- and saphire-studded pen has been dedicated to Beatle John Lennon and has the words "Imagine" embossed in white gold. This is not the first time that Mont Blanc has made a pen with such a heavy price tag. Last year, the penmaker courted controversy by bringing out a Mahatma Gandhi Limited Edition pen for just $25,000. Don't know about the late Beatle, but the man in the loincloth, who wrote prolifically, would not have approved of this extravagance.



ADELAIDE BRISBANE MELBOURNE PERTH SYDNEY AUCKLAND CHRISTCHURCH



Sugar Free

A decontrolled sugar sector has a promising future. After petroleum products, will UPA-II unshackle sugar next?

BY N.MADHAVAN

VIVAN MEHRA/www.indiatodayimages.com

In early September, Union Food and Agriculture Minister Sharad Pawar headed to the Prime Minister's Office (PMO) to make a very important presentation. He was carrying with him a set of proposals that could pave the way for a radical shift in the government's sugar policy. The enormity of the task clearly weighed on him. Convincing Prime Minister Manmohan Singh, he knew, would be the first big step for the sugar industry to taste freedom and finally escape the debilitating controls chaining it.

The strong consensus both within the government and in the industry on the issue of decontrol — probably seen for the first time in many decades — gave Pawar confidence. Unlike in the past, there was broad agreement on the timing of decontrol (in six months when the country's sugar stocks would neither be too high nor too low) and what it meant.

There was broad agreement that the government would let go of the industry and allow market forces to determine the amount of sugar that can be sold in the open market, price of the sugar and cost of sugarcane. The government would announce only a minimum support price for farmers. The government was also open to take on the subsidy burden of over Rs 2,000 crore a year on sugar distributed through the public distribution system (PDS). At present, the industry bears this cost.

Under the proposed policy, farmers would also get their freedom. Their sugarcane produce would not be tied to a particular mill; instead, they would be free to supply cane to any miller who offers a better price. Once decontrolled, exports and imports of sugar would not be banned and only regulated, if required, through tariff measures. Pawar also drew strength from the fact that the recent deregulation of petroleum product prices had signalled the government's intent to proceed with the next leg of reforms in politically sensitive sectors.

At the meeting, Pawar laid out his ministry's proposals on sugar decontrol, including the new sugar subsidy plan (for supplying sugar to the poor through PDS below the market price) and a new pricing formula for sugarcane. After an intense discussion, Singh decided to seek the views of state governments and also set up a committee under C. Rangarajan, a former governor of the country's central bank and Chairman of the Prime Minister's Economic Advisory Council, to arrive at a new pricing formula.

Singh's decision to take the opinion of the states surprised many. Some have interpreted it as a move to take the states on board this crucial and politically sensitive reform. After all, Uttar Pradesh and Tamil Nadu, big cane-growing states, interfere in the sugar sector at the state level through policy pronouncements and any reform without their involvement will ultimately fail. Others felt that it is a yet another case of a government developing cold feet at the last minute. The approvals sought from the state governments could delay the reform indefinitely.

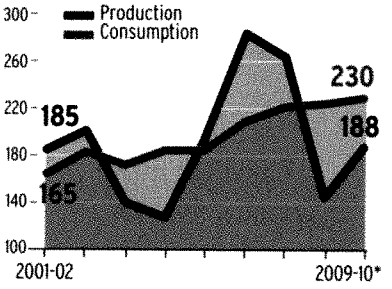
Successive governments over the years have acknowledged that controls — imposed to ensure adequate availability of sugar (an essential commodity under law) at reasonable prices — do not work. They instead vitiate business cycles in sugar (see *The Leveller*), causing production to oscillate between shortage and surplus (see chart *Abject Failure*). Sugar prices flare up during a shortage and fall precipitously during times of surplus — much to the discomfiture of the government in power. But, no government has had the political will to free the industry.

Vivek Saraogi, President of the Indian Sugar Mills Association (ISMA) and Managing Director of Balrampur Chini Mills, is still hopeful. "If you can deregulate oil sector, I don't understand why sugar sector cannot be decontrolled. The government should see reason," he says.

Ironically, unshackling the sugar industry will deliver the very solu-

Abject Failure

Controls have neither ensured adequate sugar production...



...nor reasonable prices

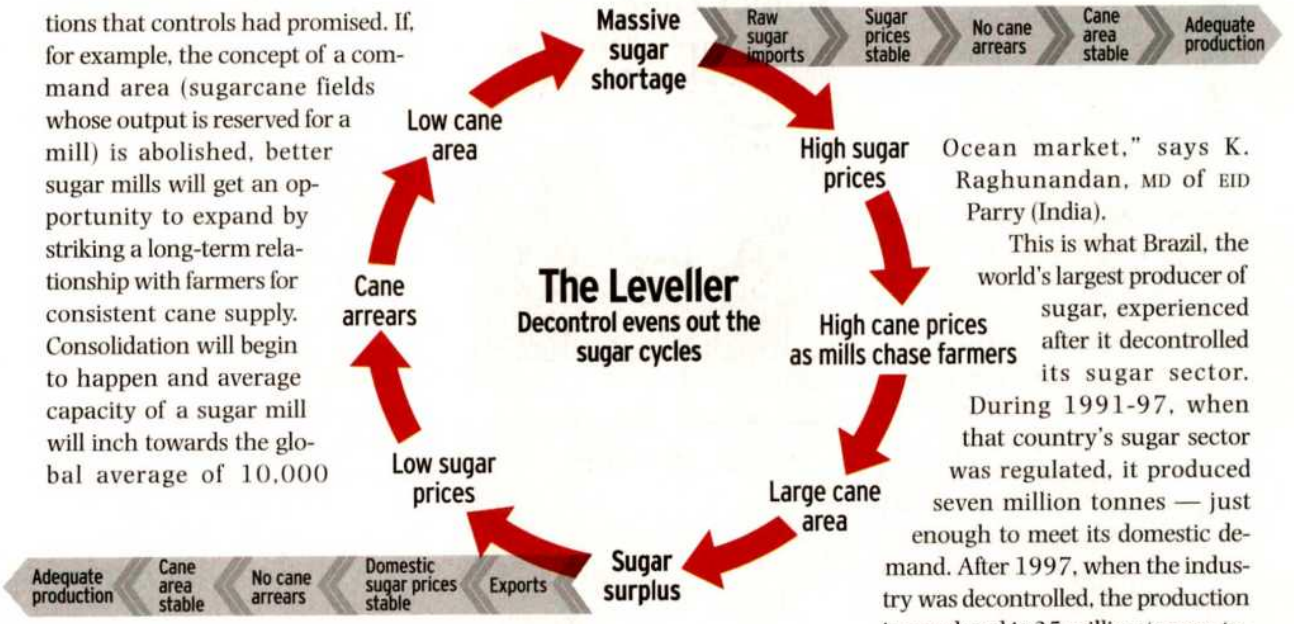
KULDEEP

*Estimate Production and consumption in lakh tonnes
Prices are wholesale prices per kilogram at Mumbai
Source: ISMA

Decontrol Will

- Even out the sugar cycles
- Ensure remunerative and timely cane prices to farmers
- Lead to consolidation of capacity and economies of scale
- Double ethanol production and replace 3 per cent of India's gasoline consumption
- Generate close to 8,000 MW of green power against today's 900 MW
- Make India a consistent exporter of sugar in the world market

tions that controls had promised. If, for example, the concept of a command area (sugarcane fields whose output is reserved for a mill) is abolished, better sugar mills will get an opportunity to expand by striking a long-term relationship with farmers for consistent cane supply. Consolidation will begin to happen and average capacity of a sugar mill will inch towards the global average of 10,000 tonnes of cane crushed per day (TCD) against the current 3,000 TCD. Inefficient players will either close down or sell out. Production cost will go down, following the economies of scale.



Overall production will increase and exceed India's consumption (currently 23 million tonnes), allowing sugar mills to become consistent players in the export market. "We can comfortably export over four million tonnes of sugar every year and meet the demand in the Indian Ocean market," says K. Raghunandan, MD of EID Parry (India).

This is what Brazil, the world's largest producer of sugar, experienced after it decontrolled its sugar sector. During 1991-97, when that country's sugar sector was regulated, it produced seven million tonnes — just enough to meet its domestic demand. After 1997, when the industry was decontrolled, the production jumped and is 35 million tonnes today. After meeting its domestic demand of about 10 million tonnes a year, Brazil exports 25 million tonnes and has cornered almost 60 per cent of the global sugar trade.

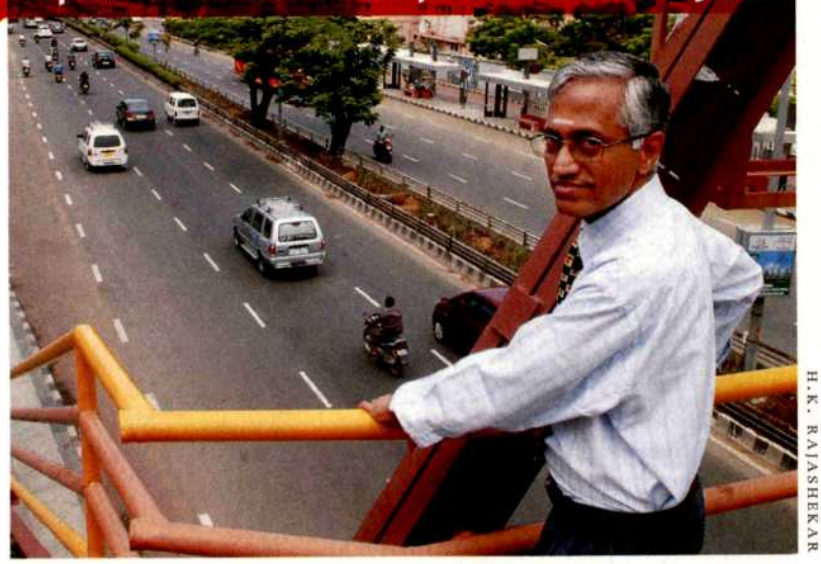
"Brazil is the best example for India to follow if it is to achieve higher production on a sustained basis and put an end to periodical shortages once and for all," explains Saraogi. Each time sugar production falls in India, global sugar prices shoot up in anticipation of large scale imports by the world's second-fastest growing major economy.

Decontrol will also even out business cycles in the sugar industry, which is mostly hostage to government interventions. Fixing sugarcane prices is a case in point. While the Centre announces its FRP or fair and remunerative price, most cane-growing states top it up steeply by announcing what is called the state advised price or SAP.

The SAP, unlike FRP, is not arrived through any scientific calculations but is entirely political. For instance, the Tamil Nadu government has just announced a SAP of Rs 2,000 per tonne of cane, way higher than the FRP of Rs 1,391 set

N. RAMANATHAN, MD, Ponni Sugars, and President, SISMA

"In a decontrolled era we can take pre-emptive steps to avoid massive surpluses and shortages..."



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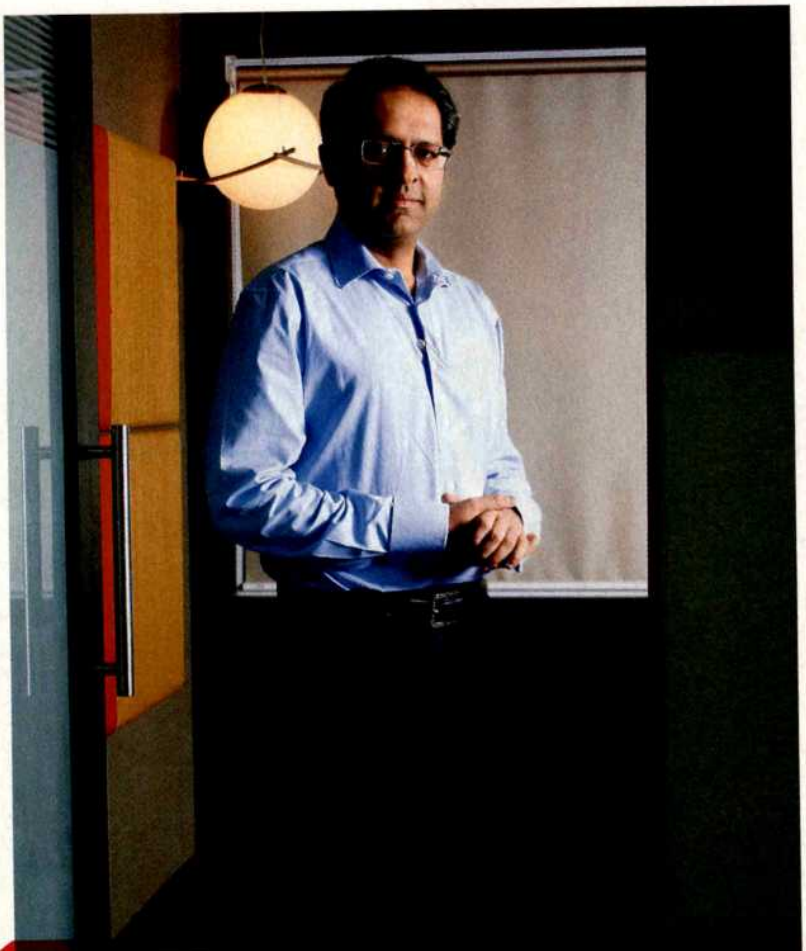

VIVEK SARAOGI, MD, Balrampur Chini Mills, and President, SISMA

"Brazil is the best example for India to follow if it is to achieve higher production on a sustained basis..."

DEBASISH PAUL

by the Centre. It is not a coincidence that Tamil Nadu is heading for Assembly elections next year. Such a high sugar price will encourage farmers to shift en masse to cane, leading to a massive sugar surplus. A freed sugar sector need not tackle such politically-determined cane pricing. Like any other product there will be some correlation between the price of raw material and the end product.

"In a decontrolled era, the industry will be in a position to take preemptive steps to avoid massive surpluses and shortages in sugar by exporting or importing. Today, the government has to wait for stocks to build up before it takes a call on exports. By then, domestic prices crash and so do international rates," says N. Ramanathan, MD of Ponni Sugars Erode, and President of the South India Sugar Mills Association.

An efficient sugar sector with comfortable cash flows will also pave the way for greater vertical integration of the industry. Today, there are 651 sugar mills in the country but all they manage to produce is one billion litres of ethanol and 900 MW of cogenerated power. Lack of adequate profits today has rendered most sugar mills financially weak, if not sick, and they have not been able to invest in allied businesses.

"At current sugar capacity, the industry can generate 2.5 billion litres of ethanol and meet three per cent of India's gasoline requirement," says Raghunandan of EID Parry. With a consistent long-term policy it can even increase to five per cent. "The industry can also generate up to 8,000 MW of power by burning bagasse, a by-product of cane crushing," he adds.

Large, efficient and vertically integrated sugar mills could register higher profits and turn attractive for the investors. "Today, we take a limited exposure to the sugar sector as its performance is linked to governmental policies that are at most times inconsistent," says a fund manager with a leading mutual fund. "As we have seen in other sectors such as telecom and auto, foreign investment could well flow into a decontrolled sugar sector once investors are convinced of its long-term prospects," he adds, requesting anonymity.

The ball now lies in the court of a reformist prime minister whose government is in the best position to let go of the industry. If political pressure overwhelms him, the promising future of this sector will remain a sweet dream. ⊙

Controls Decide

- The raw material (sugarcane) price
- The end product (sugar) price through monthly release mechanism
- The production by controlling the amount of cane that a mill can crush
- The availability of sugar in the domestic market by controlling exports and imports
- The mill a farmer can sell his cane to

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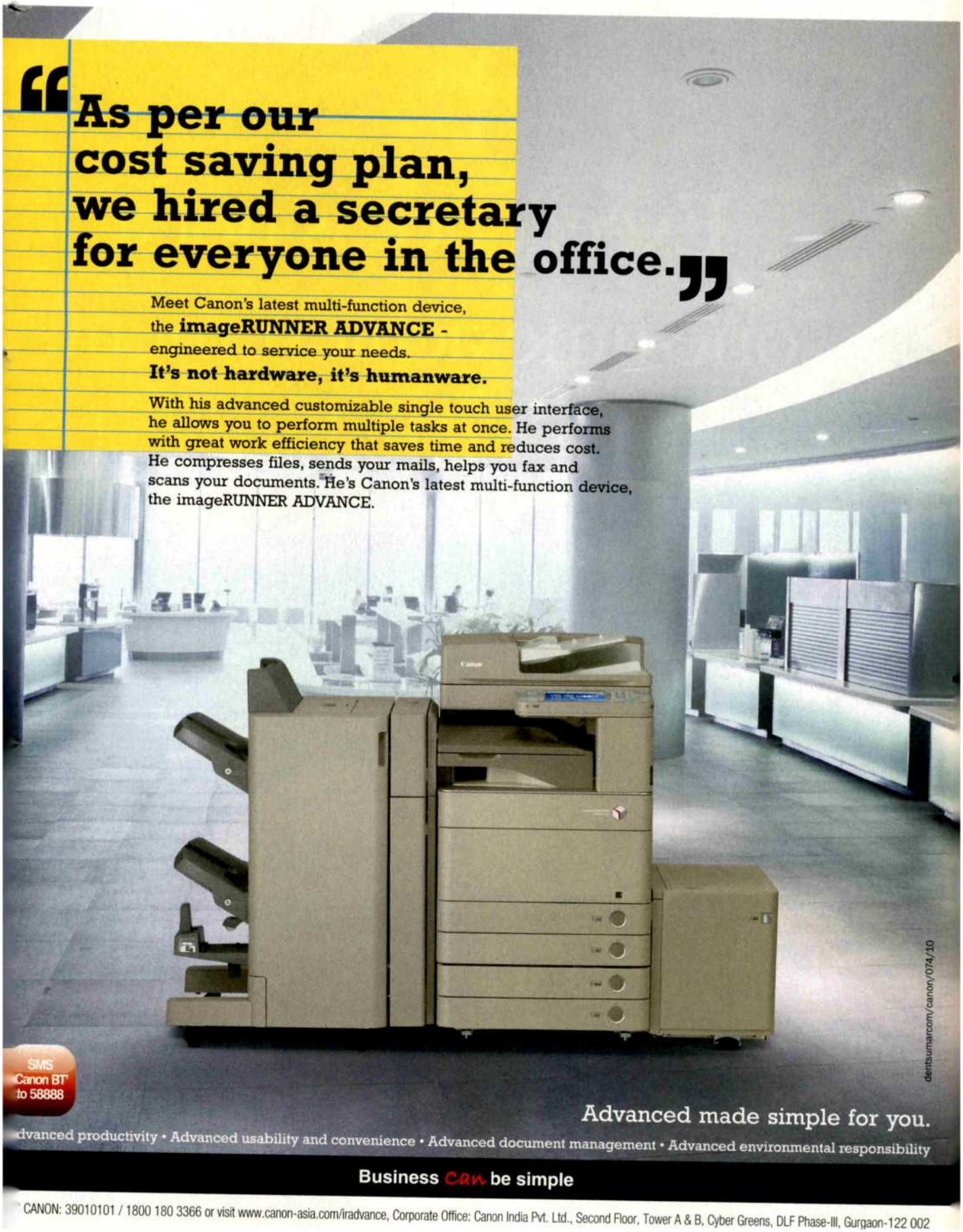

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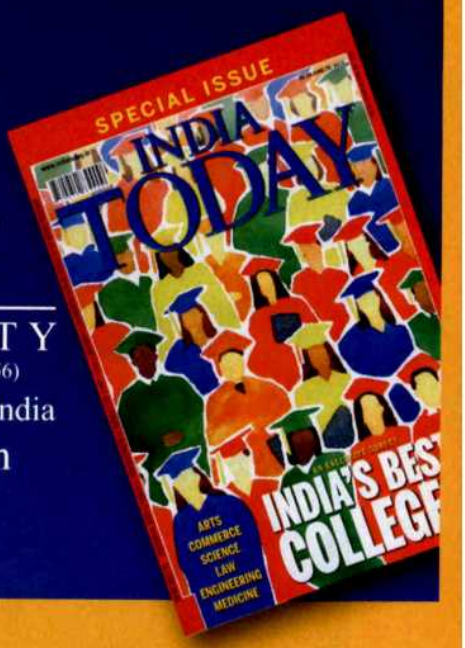

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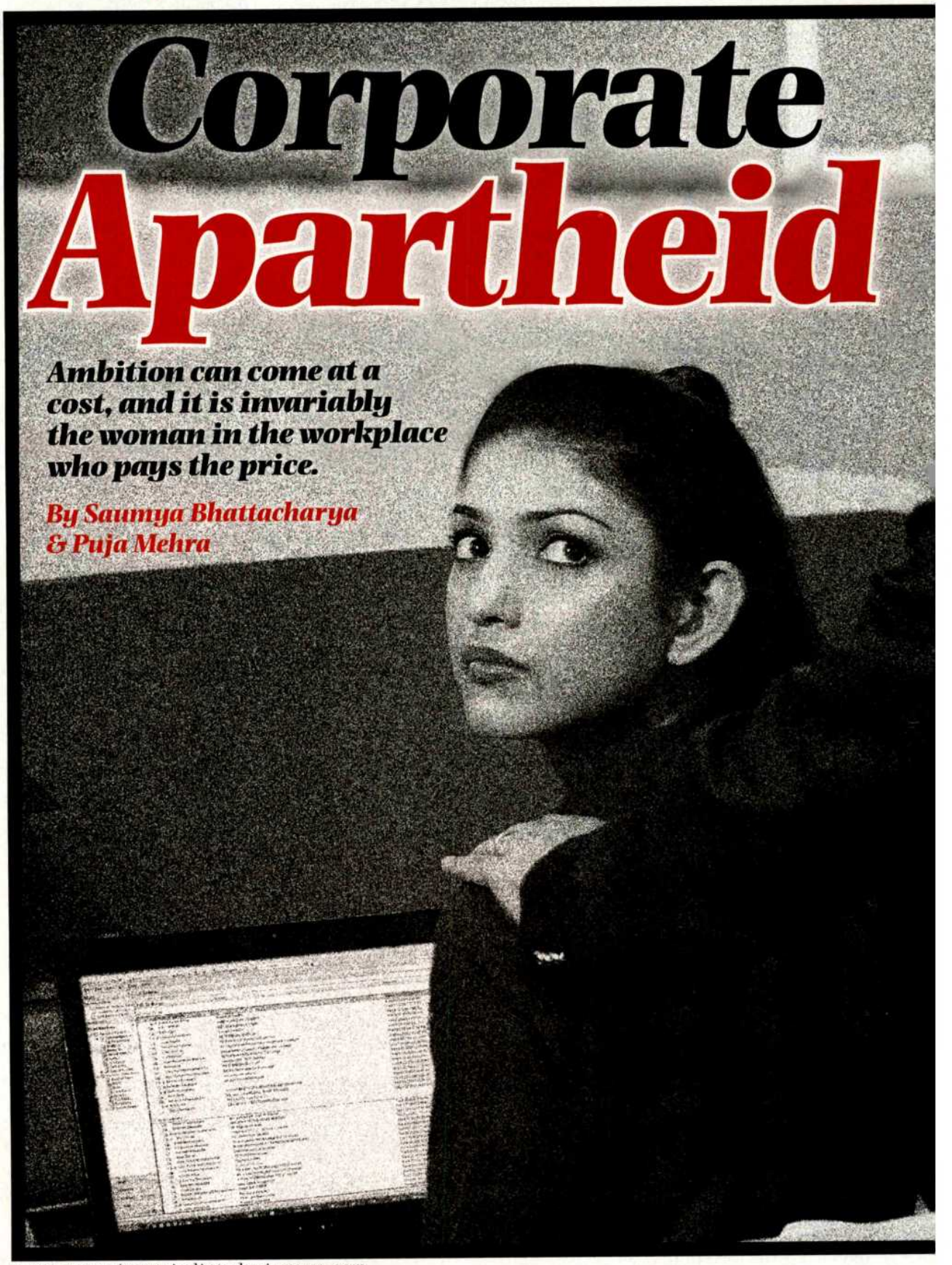
Corporate Apartheid

Ambition can come at a cost, and it is invariably the woman in the workplace who pays the price.

By Saumya Bhattacharya & Puja Mehra



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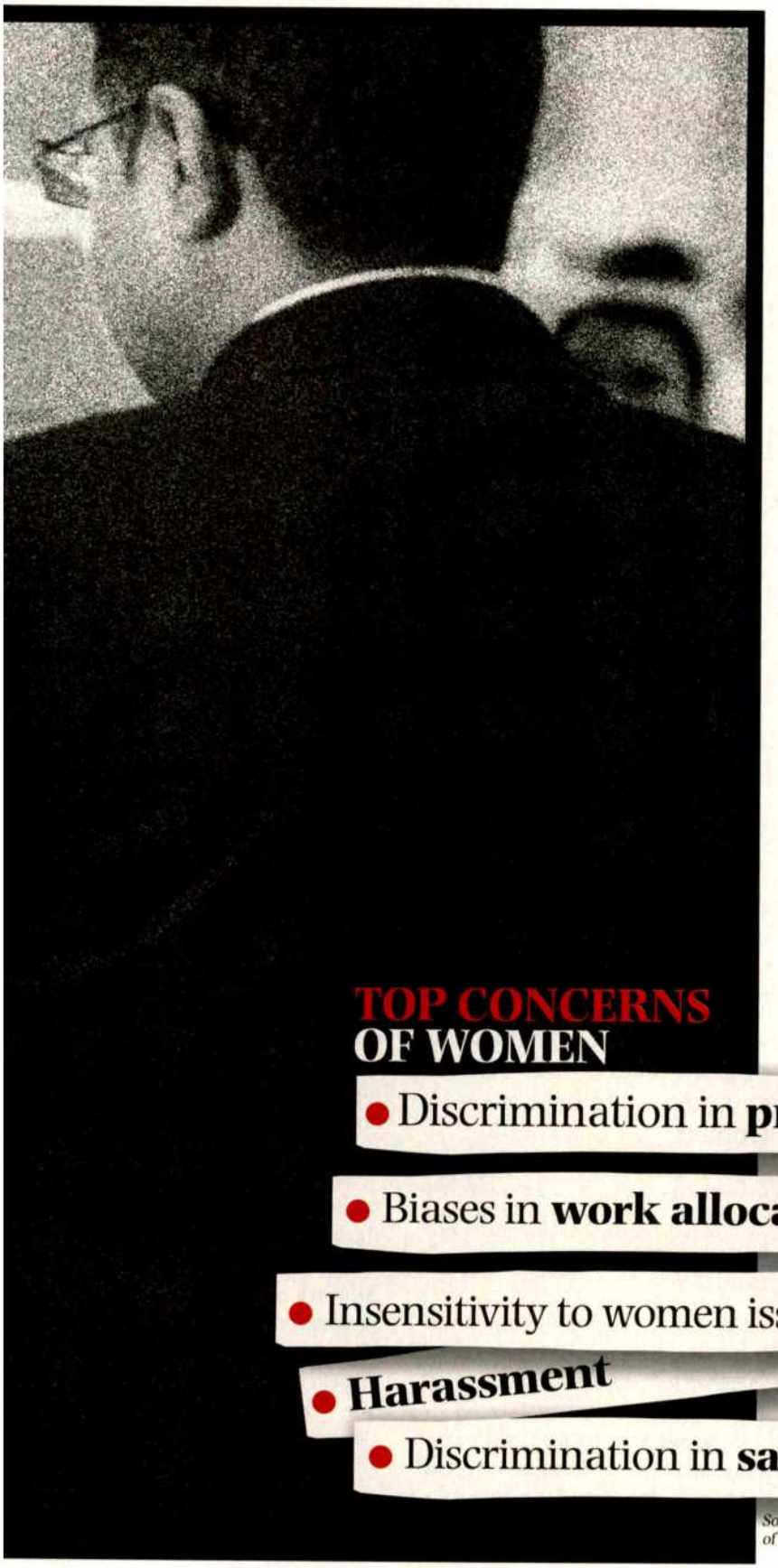

15 months ago Malini Shah, 30, was chosen to work on a project as a part of a 20-member team in her organisation that provides information technology-enabled services, or ITES. The project was challenging and Shah was pretty enthusiastic about it. Her manager was initially most supportive and mentored her. But when he started calling her late at night — and the calls would stretch for over half an hour — Shah began to feel uncomfortable. Since she was the only woman in the team, she did not know who to discuss the issue with. She had little choice but to put up with this kind of behaviour for the entire duration of the project. The project did get over, but the attention from the manager continued, via mails such as: "Why are you not talking to me?" Shah did not know how to deal with it, and chose to quit the organisation. Should she not have taken up the matter with her seniors? "How do you distinguish early on that such behaviour is harassment," she asks. "Unless it is blatant, such behaviour is difficult to pinpoint."

TOP CONCERNS OF WOMEN

- Discrimination in **promotions**
- Biases in **work allocation**
- Insensitivity to women issues such as **maternity**
- **Harassment**
- Discrimination in **salary hikes**

Source: BT-PeopleStrong Survey of Working Women

Anita Sharma, 29, worked in sales and marketing in an Ahmedabad-based company till early 2009. Five years in the organisation and in charge of a team, Sharma was all fired up and looking to climb the corporate ladder. However, slowly but surely, she realised her work allocation was getting diluted, and her targets were being questioned. Sharma had little doubt that she was being sidelined. She approached her seniors, who gave her just one option: Move to a different department. Sharma instead chose to move to another organisation. "These are the things you don't cope with. You confront them straight on or you get out. Getting out was my option," she says.

It's not just about groping and pinching, or crude jokes and confrontations around the coffee machine in testosterone-fuelled workplaces. All that constitutes harassment and bias of the worst kind — which is easier to pin down. What is not as easy to put a finger on is a boss who subtly hints that he wants sexual favours to guarantee a subordinate's professional progress — that is the boss who would take a junior out for dinner even as he fancies that junior as the dessert. And then there is the bias: Discrimination in hiring, promotions, work allocation, salary hikes and benefits; and insensitivity to gender-specific issues like, for instance, maternity in the case of women.

To be sure, corporate apartheid — not just in India Inc. but also in the developed world — exists wherever ambition does. And it cuts across gender: Males could be harassing and discriminating against males as well as against sexual minorities such as gays, lesbians and transsexuals. But doubtless it is the woman in the workplace who pays a high cost for her desire to scale the corporate ladder. "Corporate India will have to understand that sexual harassment is rampant and underreported. I don't think most companies even understand what the dignity of women is," says Delhi-based lawyer Vrinda Grover.

Naming those accused of misconduct against women in recent times — like Hewlett Packard's former CEO Mark Hurd and Penguin India's David Davidar, to name just two — will only serve to highlight that improper conduct, sexual harassment and bias against women are alive and kicking.

Yet, the reaction of most companies BT spoke to is that it either doesn't happen or even if it does it is no big deal. And therein lies the rub: at a time when more and more women are entering the workplace, very few are able to make it to the top echelons.

In fact, companies have one very good reason to curb harassment and bias. For, as the Hurd case proved in the United States, such issues that blow up — often out of proportion — hurt not just the harasser and the harassed but the company and its shareholders, too. Since Hurd was fired as CEO of HP in August, the stock has lost some 15 per cent, or $15 billion, in shareholder wealth.

What makes women particularly vulnerable is that they look up to the C-suite executives as mentors and guides. And most of the top brass are men. Just 15 per cent of all senior positions in corporate India are held by women. This puts India in the bottom five globally, according to a study by Grant Thornton, a consultancy (see *Sorry Stats of Inequality*).

Nirmala Menon, Founder & CEO, Interweave Consulting, an organisation that works with companies on diversity issues, says most organisations have their heads in the sand. "Everybody thinks it does not happen in their organisation." The fact that the law is in a state of flux does not help. The Protection of Women Against Sexual Harassment at Workplace Bill that has been in the making for six years is slated to come up before the Cabinet later this year. The Vishaka judgement (*Vishaka and Others vs State of Rajasthan and Others - 1997*) provides the basic definition of sexual harassment at the workplace. According to the Supreme Court, such behaviour "includes

SORRY STATS OF INEQUALITY

15% of all senior management positions in corporate India are held by women — this puts India in the bottom five globally

14 of the BSE Sensex 30 companies have at least one woman director

7 of the BSE Sensex 30 companies have at least one woman independent director

775* companies have at least one woman director

247* companies have at least one woman independent director

5.3% of the 1,112 directorships on BSE-100 companies are held by women

2.5% of all executive director roles in BSE-100 companies are held by women

**Data available only for 86% of the 3,042 companies listed on the BSE. Sources: A Grant Thornton study cum survey, Prime Database, A Standard Chartered Bank-Community Business and Cranfield School of Management report*

such unwelcome sexually determined behaviour (whether directly or by implication) as physical contact and advances; a demand or request for sexual favours; sexually-coloured remarks; showing pornography; any other unwelcome physical, verbal or non-verbal conduct of sexual nature".

Equally disappointing is the fact that society has gone on to accept gender discrimination as a way of life. The way women are portrayed in advertising, television soaps and on the silver screen may have a lot to do with the stereotypes that have been

VIVAN MEHRA

"In the early part of my career, while on travel a colleague wanted to finish a report late in the night in my room; and another commented on my lipstick. As a 20-something what do you say?"

Nira Anand, Head, Human Resources, World Bank

reinforced. A woman is seen either as a homemaker or a trouble maker, or as a seductress who can convince men to buy even cement — as long she is clad in a swimsuit (see *Beyond Stereotypes*, page 58). She can do all that but, for heaven's sake, the workplace is not meant for her — and certainly not the boardroom or the corner office.

Ambition in a woman is still considered perverse, freakish and even superfluous. At the same time, marriage, childbirth and being a caregiver to the elderly are looked upon as the biggest snags to climbing the corporate ladder. "Women do not go high in their careers because they make choices at these inflexion points. Which mother will not choose child over career?" asks Meera Sanyal, Country Executive, India, Royal Bank of Scotland.

A society fed on stereotypes — which inevitably find their way into workplace situations — can only change if efforts are made to educate and increase awareness. Sanjay Bhan, HR Director of India operations at Texas Instruments or TI, recalls an incident that took place in his company three years ago. A young male employee used to send mails expressing his love to a woman working with one of TI's contractors at another location. The woman was offended and she raised the issue. While both companies deliberated the matter, the man was let off with a warning. "The guy came from a small town and had no clue that what he was doing amounted to unacceptable behaviour," says Bhan. The company, too, learned a lesson. New entrants in the company are put through a training programme to educate them on what amounts to harassment.

That is also a lesson for industries that hire in large numbers from smaller towns — or even those that hire from gender-imbalanced institutes like engineering colleges. Satish Agnihotri, Director General, Shipping, and a bureaucrat considered an expert on gender imbalance, explains that

Of the 175 working women surveyed by *BT*-PeopleStrong, 80 per cent were aware that their companies had a sexual harassment policy, but an overwhelming 90 per cent felt that the policy was not being enforced.

students from all-boys institutes will have adjustment issues in a gender-diverse workplace. To offset the discomfort, their behaviour borders on the aggressive.

When such attitudes prevail, merit goes out of the window especially when a woman is in the race for a role perceived to be the sole preserve of men. Says Ajeet N. Mathur, Professor in Strategy and International Business, and Chairperson, Gender Resource Centre, IIM Ahmedabad: "As a company director and a former HR head, I have come across many occasions when the best candidate available for a managerial position is a woman and there is reluctance amongst the senior team to appoint her." He cites the example of Dunlop in its heyday when men objected to recruiting women because "they would not be able to sell tyres at a roadside *dhaba* at midnight". And nothing could convince them that the number of tyres sold at roadside *dhabas* at midnight is near zero.

Mathur goes on to say that companies that fail to appreciate the virtues of diversity are more likely to perish in competitive circumstances — like Dunlop. "I am not attributing its collapse only to its all-male employee policy, but its lack of diversity in talent was certainly one of the reasons." Elsewhere, research done by Leeds University Business School concludes that having at least one female director reduces a company's chance of bankruptcy by 20 per cent. And 83 per cent of executives

You've been harassed if someone

- Grabs, touches or pinches you
- Demands or requests sexual favours (whether directly or by implication)
- Passes sexually explicit remarks, etc.
- Makes offensive gestures, kissing sounds, etc.
- Shows you pornography
- Makes any other physical, verbal or non-verbal conduct of a sexual nature
- Requests sexual favours in return for promotion or other benefits or threatens to sack you for non-cooperation
- Makes intrusive inquiries into your private life or persistently asks you out

INTERVIEW/GIRIJA VYAS

"Harassment is about Power and Mindsets, and Less about Sex"

The National Commission of Women (NCW) has received 430 complaints of sexual harassment at the workplace since 2007, some of them in the form of distress calls to Chairperson ***Girija Vyas****, whose cell phone number is on the NCW website. That is just the tip of the iceberg, says Vyas, in an interview to BT's* ***Puja Mehra.*** *Edited excerpts:*

On the kind of cases that come from the corporate world

Mostly, they are from banks and airlines concerning women who are being forcefully terminated or transferred for not giving in to the sexual advances of male colleagues. Many women call me requesting action but refuse to register their cases for fear of retaliation at work. The bulk of the women suffer silently without ever coming out in the open. Our appeal to women is they should alert us at the very first instance and not after the male colleague begins to threaten them with transfers or terminations. Some of the cases become hard to prove as the complainants come to us so late that gathering evidence becomes difficult. Some companies then take the stand that the complaints are fabricated.

On whether companies are proactively working to prevent harassment

I find many companies have not set up the Internal Complaint Committees (ICC) stipulated by the Supreme Court. They are hurriedly patched together after a woman employee makes a complaint. That defeats the point. If an ICC is in place male employees will get the message that the company will not overlook misconduct. Harassment is more about power and mindsets and less about sex.

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WHAT ABOUT THE GLBTs?

India Inc. is insensitive to gays, lesbians, bisexuals and transsexuals, except for a few exceptions.

Women are by far the biggest targets of harassment and bias, but by no means the only ones. Dishing it out to subordinates can be construed as bullying, but there is a thin line that separates bullying and harassment. "Men harassing men is also being talked about across organisations. Any intimidating behaviour of one person against another qualifies as harassment," says Nirmala Menon, Founder & CEO of InterWeave Consulting, an organisation that works with companies on diversity issues.

More than males harassing males, however, it's the lack of sensitivity to gender minorities in India Inc. that is a huge area of concern. Gays, lesbians, bisexuals and transsexuals, or GLBTs, as they are known, do not exist for corporate India. If they do not have a policy to address issues of GLBTs, it's simply because they are not mandated to do so.

There are stray signs of activity on this front. Menon, for instance, recently started work on a gender diversity module that caters to GLBTs. And a few companies have begun to train their workforce on showing sensitivity to GLBTs. IBM India is one such company. It put in place an initiative after Section 377 of the Indian Penal Code was partially repealed last year by the Delhi High Court, which criminalised sexual activity between members of the same sex. When IBM has GLBT executives coming from the major markets, interactions and sessions are held on how the company can leverage their talent. "These sessions are used to educate managers in sensitivity", says Kalpana Veeraraghavan, India Diversity Manager, IBM India.

IBM has a network group on GLBT but the company does not disclose numbers. The group works around issues that this set of minorities faces. "The network is pretty small, but one does not have to be G, L, B or T to be a part of the group. At the moment, we have 4-5 straight allies supporting this group," says Veeraraghavan. Besides, all people managers at the company are trained in GLBT etiquette and the practice that all opportunities are based on meritocracy. That's a start.

GLBT Etiquette @ IBM India

- Use inclusive language. Rather than just saying "your spouse," say "your spouse or partner"
- Host roundtables with GLBT employees to learn more about them and listen to their ideas
- Strongly address any kind of harassment of GLBT employees and use appropriate mechanisms for immediate redress
- Act against unwarranted behaviour such as off-colour jokes, graffiti, etc. on the GLBT community in the workplace
- Encourage peers and others to support the GLBT community. In IBM, there is a GLBT "merit badge" that employees can wear to signify that they are GLBT allies

surveyed worldwide by Aziz Corporation, a United Kingdom-based executive leadership consultancy, felt a dominant male culture was responsible for the global financial crisis.

That should be a wake-up call for business — global and Indian. Says Rajeev Dubey, President (Group HR & After Market) & Member of the Group Management Board, Mahindra & Mahindra: "We believe it is an advantage to have more women. We have observed that innovation is better. Often women bring with them points of view not expressed by men."

Most companies have a sexual harassment policy in place, but that is cold comfort when enforcement is weak. Of the 175 working women surveyed by BT-PeopleStrong, 80 per cent were aware that their companies had a sexual harassment policy, but an overwhelming 90 per cent felt that the policy was not being enforced.

The silver lining is that "corporate India is increasingly becoming conscious of female talent and their role in organisational growth," says C.G. Srividya, Partner, Grant Thornton, India. "Companies are beginning to understand that a glass ceiling is detrimental and has to disappear over time." Every such ceiling that shatters will convince more women to enter the workplace. And if more women enter the workplace, the higher are their chances of climbing the ladder and reaching a position to mentor their female subordinates. Read *In Good Company* to find out how Indian companies that have recognised the twin problems of harassment and discrimination are creating more women-friendly workplaces. ⊙

(Names of people who have spoken out about sexual harassment and gender bias have been changed to protect their identities.)

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GENDER GAP

COLUMN/ INDIRA JAISING

Employers Tolerate Sexual Harassment

Why has sexual harassment reached epidemic proportions at the workplace? One obvious answer is that women themselves are more visible in workplaces and they have to some extent broken away from the stereotyping at work — they are no longer confined to being secretaries and stenographers. This poses some issues of adjustment for men, who are accustomed to treating them as arm candy. While women are capable of dealing with this by themselves, there is an even more formidable problem they face: Lack of an adequate legal remedy — and indeed no remedy at all when it comes to the private sector. The fact is that the Vishaka judgement (of the Supreme Court, which provides the basic definition of sexual harassment) has ended up being nothing more than a statement of intent for the private sector. There are no sanctions for failure to set up a complaints committee and nowhere to go if there is sexual harassment. A woman who is harassed can only file a civil suit after paying huge court fees and fees to lawyers. Then she will have to wait for a lifetime for the outcome during which period she will be out of a job.

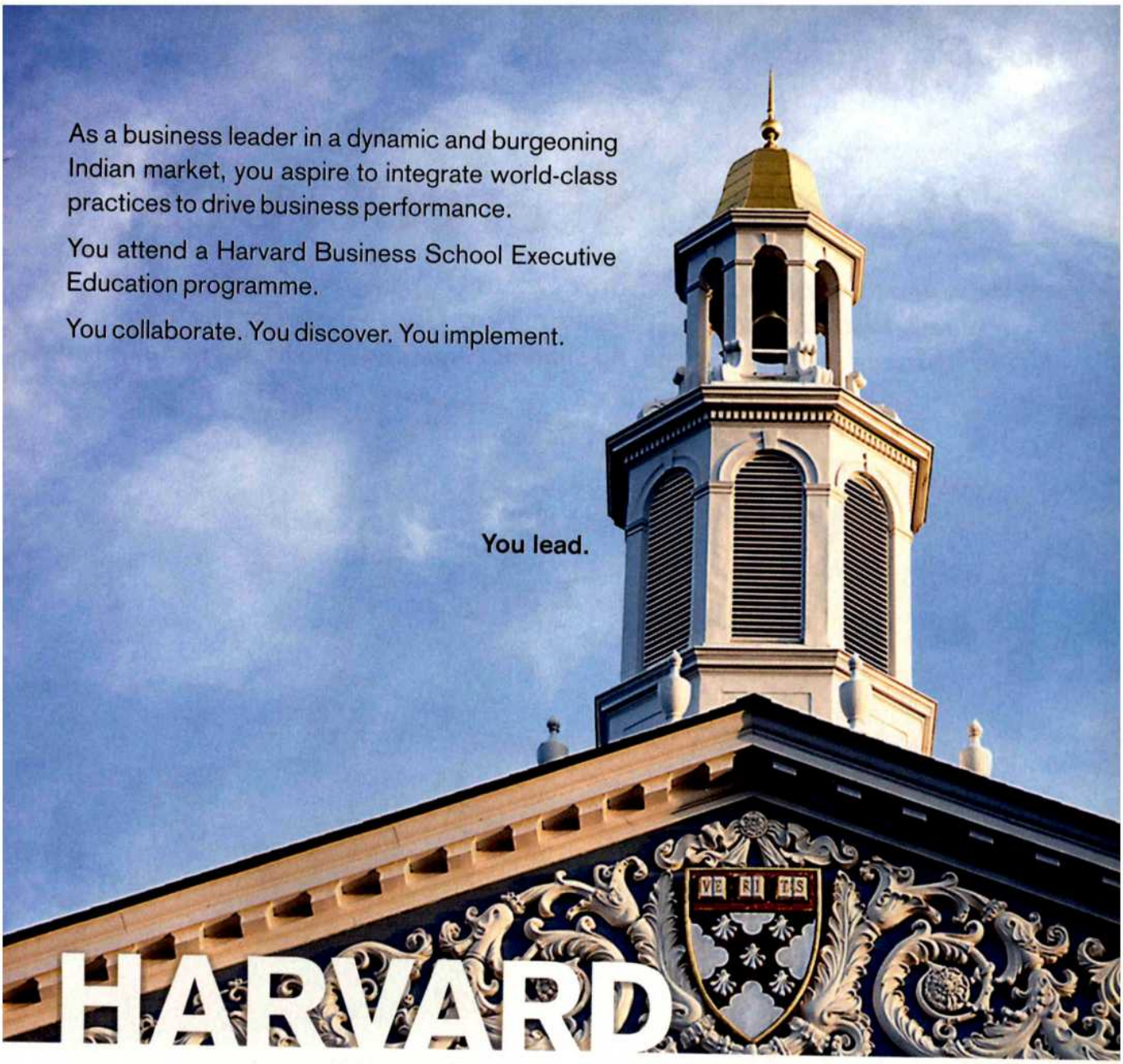
The public sector has its own problems. All public sector undertakings do have sexual harassment committees in place and a writ petition can be filed against the State for relief. However, a recent case required the woman to face yet another inquiry under the disciplinary rules, even after the internal committee came to the conclusion that sexual harassment has taken place. Public sector employees argue that they can only be removed by the disciplinary authority and not on the basis of an inquiry by the internal committee. This means the woman faces two inquires, one by the internal committee and the other by the disciplinary committee. This is disastrous to say the least and amounts to re-victimising the victim. Such is the power of the bureaucracy that they are able to insist on this procedure as a "protection" from dismissal or discharge.

The law is in a state of flux. We have been promised a new law by the government. But what this new law will say is an open-ended question. If it maintains the provision for two inquiries, no person will ever be found guilty of sexual harassment during the lifetime of the complainant.

To add insult to injury, there is yet another proposal: that if a complaint is not proven, the woman will be prosecuted. Most people are unable to make a distinction between a complaint that is not proved and one which is false. While it is very difficult to prove a case, as often the harassment takes place in private, out of the purview of any eyewitnesses, it is another matter to say that the complaint is false. A false complaint presupposes a malicious intent. In practice, what will happen is that in every case where the complaint is not proved, the woman will be told that the complaint is false and she will face prosecution. Such a provision will have a chilling effect on women bringing a complaint in the first place and will defeat the purpose of the law for protection of women from sexual harassment. Should it not be sufficient that the complaint is found prima facie sound for investigation?

What is amazing is that employers tolerate sexual harassment and do not send the signal loud and clear to their employees that sexual harassment will invite termination of employment. I have yet to come across a contract of employment for a managing director or a CEO that says his services will be terminated if any complaint of sexual harassment is proved against him. We hear the same old argument that the private sector is not bound to implement fundamental rights, not subject to reservation laws, etc. Thankfully the proposed statute will cover the private sector and, perhaps for the first time, bring women in the private sector within the protection of a law on sexual harassment.

Indira Jaising is an Additional Solicitor General of India and Project Director, Lawyers Collective Women's Rights Initiative



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Beyond Stereotypes

Ads, soaps and reality shows claim to give people what they want, but they also give them what they — and certainly workplaces — don't want. **By Shamni Pande and Anusha Subramanian**

Regressive Shows: Fodder for TV channels

Think: We have used stereotypes to create brands. Can we now use brands to break the stereotypes? That's a question many would love to pose to every ad man worth his creative — it's also exactly the question that A.L. Sharada, Programme Director, Population First, an NGO working on population and health issues within the framework of women's rights and social development, posed to media practitioners in a presentation titled *Gender Nuances in Advertising*.

It's a valid question: when the boys are shown in advertising — and that happens most of the time — they are invariably the planners, the guys initiating the action. The girls, well, they're mostly at home, with their mothers, and endorsing beauty products. The boys grow up to become decision makers; the girls grow up to become well-groomed housewives or coy seductresses — there's nothing in between. "Ads continue to show women within the patriarchal framework and young girls in passive roles," says Sharada.

Don't believe her? Cut to a long shot of a swimsuit clad woman emerging from the sea. The camera closes in as she glides through the waves. Voiceover: "*Vishwas hai, kuch khaas hai isme...* JK SuperCement." Translation: "There is faith that there is something special in this." The ad was shown earlier this year during the highly-watched cricket matches of the Indian Premier League.

That's just one example of a woman's body being used to sell something totally removed from what she personifies — in this case, a mind-numbing commodity like cement. Associating JK SuperCement with a woman in a swimsuit calls for a suspension of belief of titanic proportions.

But, then again, suspension of belief is not alien to a society that has fattened itself on the popcorn of films featuring women as efficient eye candy, regressive soaps, and 'reality' shows and advertising that eschew reality.

The woman cannot do any good, she just has to either be bad or look good. "No matter what she is seen doing, the overriding image is that of a woman who is anxious about her looks," say Santosh Desai, Managing Director and CEO, Futurebrands India.

Now decode the image of the "goodie two-shoes, looking good" woman in the workplace. One reaction from the males: What is she doing here? She should be at home. Another reaction, of the more "progressive" types, can be even more dangerous: She doesn't have any hang-ups, she's fun-loving. "Earlier, only a husband or someone within the family was ever shown getting close to a woman; today, it could be a virtual stranger," points out Desai. Herein lies the danger: is it all right for women to be portrayed to be comfortable in situations when, in fact, they're not? For instance, is it kosher for a successful male in a pub — a stranger all the same — to put his arm around a woman? Is it all right for a "modern" woman to be driving a vehicle but eventually carrying the baggage of a more successful man? Is it all right to show a woman officer turn amorous by a mere hint of a fragrance?

Sex sells: No eyebrows raised, offensive portrayal in ads

COURTESY: www.iBankLive.com

If you haven't seen those ads don't worry, they're not the only vehicles of mass objectification of women. "TV serials, movie scripts and reality shows are as much at fault as the ads," observes Maithili Ganjoo, a sociologist with advertising agency JWT in Delhi. In what can be debated as the power of choice, women are seen opting for situations that are hardly empowering. Ganjoo points to reality show *Emotional Atyachaar* on UTV Bindass that has young people giving in to temptation outside of their relationship: "It may sound prudish, but is it all right to show multiple, simultaneous relationships? Is it all right to show women seducing men, or being seduced in such a casual manner?" she asks.

Hindi general entertainment channels (GECS) have mastered the art of ostensibly taking up social issues that only serve as a platform to reinforce the stereotype of regression, which is conveniently set in the garb of tradition. One of Balaji Telefilms' shows, *Bairi Piya* on Colors, latched onto the theme of farmer suicides. But it didn't take too long for the story to degenerate into a landlord's obsession with a village girl — who is oppressed till she gives in and becomes the landlord's wife.

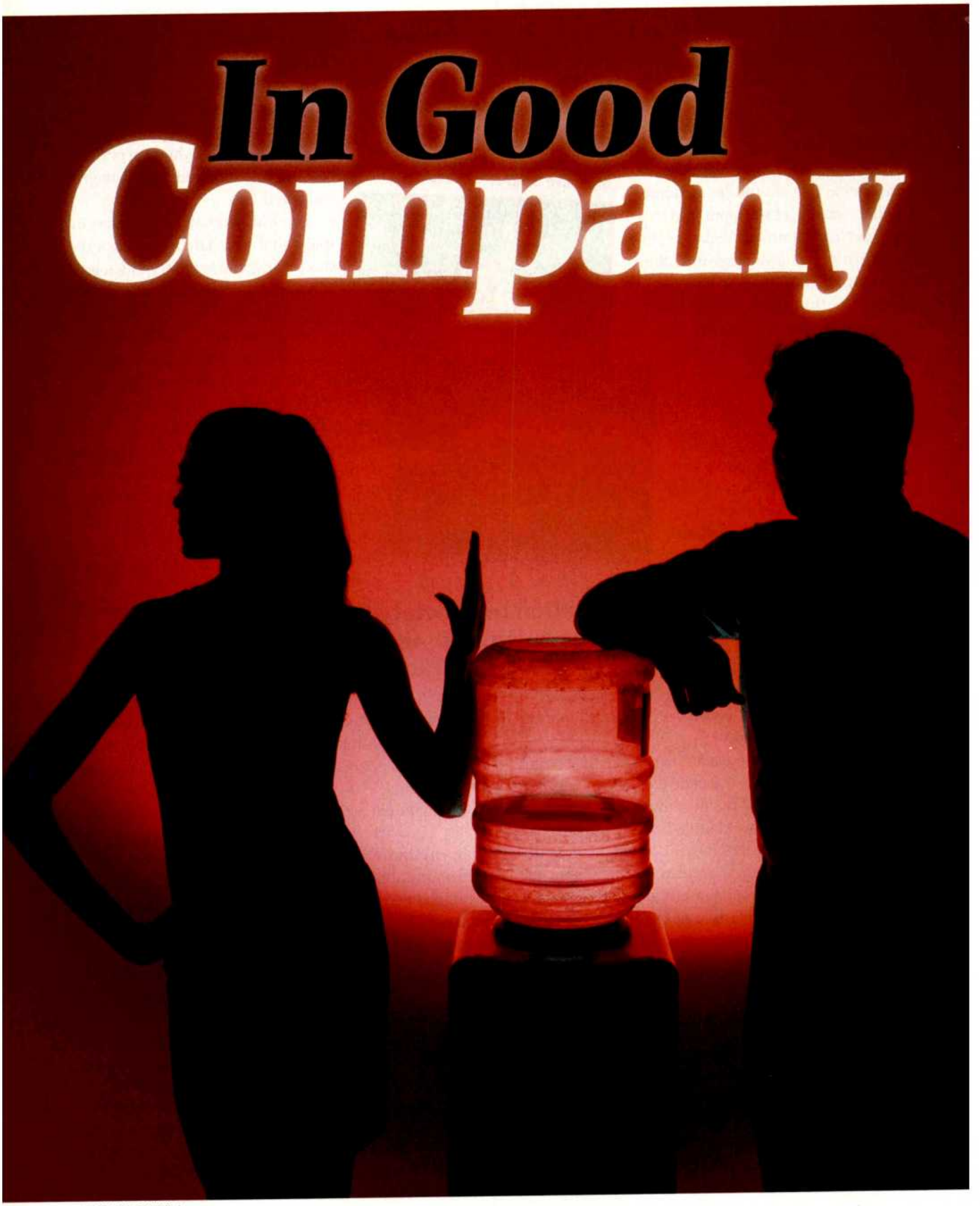
Ditto is the case with another show, *Mann ki Awaaz Pratigya* on Star Plus. The show was based on the idea of women empowerment against eve-teasers. But the house into which the protagonist girl is married seems a haven for male chauvinists, who take pride in beating the women folk with *mojris* and *belans*.

Star Plus, arguably the pioneer in soaps that gave kitchen politics respectability, and jewellery-laden and scheming women their day in the sun, claims to be turning a new leaf. A new show, *Kali — Ek Agnipariksha*, says Gaurav Banerjee, Head of Content and Strategy at Star Plus, "will expose viewers to the trials and tribulations of Indian women who are increasingly being subjected to sexual harassment". Sure, but the danger here, too, is that sexual harassment can be great fodder for producers more keen to titillate than educate. The same can be said of news channels that claim to expose sexual crimes in a bid to get higher ratings. As Ganjoo puts it: "We are welcoming new thoughts, but often today in the guise of liberation we are sold beautifully packaged images that are not really what we should be getting comfortable about."

Suspension of belief is not alien to a society that has fattened itself on the popcorn of films featuring women as efficient eye candy

The counter view: ads and serials today project the reality of society, with all its warts and quirks. Says ad stalwart Alyque Padamsee: "It is true that a pretty woman gets undue attention at work, but I am happy to say that a handsome, well-dressed man gets an equal share." Padamsee points out that there is in fact "a big change in society and in our ads". According to him, advertising today often shows a woman calling the shots. "Women are shown molesting men, seducing them, in charge at the office." Padamsee refers to an overtly sexual ad for a deodorant brand called Wild Stone that shows a woman reaching out for a man in the dark — who happens to be her sister's husband. You could call that progression or counter-intuition. But it does little good for a guy who has either just left a small town or completed his education in an all-boys institution and entered a workplace where the fires burning are mostly in the bellies of men — and women — eager to scale the corporate ladder. ⊙

In Good Company



VIVAN MEHRA

Organisations need to keep reminding everyone at work, including the top brass, that the office and the bedroom are distinct — and those who attempt to make the twain meet will pay the price. ***By Saumya Bhattacharya and Puja Mehra***

In 2009, the human resources department of Infosys Technologies dealt with seven cases of sexual harassment. Typically, the Bangalore-headquartered IT services major, which at last count had 114,000 employees on its rolls, gets 40 to 50 complaints of such harassment and discrimination a year.

Cut to the public sector behemoth NTPC, which has a 25,000-strong workforce. Since India's largest producer of power incorporated a clause on prohibition of sexual harassment of women at the workplace in its code of conduct in 1998, the company says there has not been a single case of sexual harassment.

Does that make NTPC a more women-friendly organisation than Infosys? Perhaps not. For, as Delhi-based lawyer Vrinda Grover, who takes on cases of sexual harassment, points out: "Something might be amiss if an organisation does not report a single such incident."

This is not to say that NTPC does not take sexual harassment seriously. Rather, the point is that almost everybody has a policy, in line with guidelines laid down by the Supreme Court, but some are more committed to enforcement than others. And enforcement calls for an environment that encourages victims to step out of the gloom. Mahindra & Mahindra has a sexual harassment committee that is chaired by a woman. But as Rajeev Dubey, President, Group HR and After Market, and Member of the Group Management Board at the auto and tractor maker candidly points out: "I will not be truthful if I say there is not a single woman/person in M&M who is feeling uncomfortable because there has been no complaint. Many women don't complain."

That's why organisations like Infosys pull out all stops to encourage airing of grievances. "We keep the identity of those involved on a need to know basis and confidential. Infosys is committed to ensuring that there is no harassment of any kind. This translates to a philosophy of zero tolerance of sexual harrassment," says Nandita Gurjar, Senior VP and Group Head, HR, Infosys, adding that the company discourages anonymous complaints.

Deutsche Bank is another organisation in India that takes sexual harassment very seriously. Recently, the bank forbade a sales team's head, an aggressive super-performer, from texting a particular female team member after 6 pm in the evening. The provocation: He would SMS his team daily at 8 pm, asking for the day's report — something the lady's spouse became uncomfortable with, although there was nothing even remotely objectionable in the purely official text. You could argue that the bank, which gets a couple of cases of harassment a year, has gone overboard

ZERO TOLERANCE TO DISCRIMINATION

The World Bank's diversity-to-inclusion policies are good templates to work with

- Make the work environment accessible for each of its specially-abled employees
- Every advertisement for a job opening stresses World Bank's focus on diversity and inclusion
- Harassment not determined by intention of the harasser but how the harassed felt
- Anti-retaliation policy for protection of complainants and witnesses
- Screening for sensitivity to diverse people at the time of hiring
- Designated staff trained for counselling, investigation, etc.
- No work of personal nature is permitted to be delegated to assistance staff such as secretaries
- Same sex couples who register should be entitled to same benefits as partners/spouses

ONE WAY TO DO IT

The HR head of a high-profile multinational company tells *BT* how a case of sexual harassment was effectively dealt with.

In February 2009 we received an e-mail complaint from a female employee that one of her colleagues was sending her inappropriate text messages. She also alleged that the colleague at various points had made suggestions of going out for a drink and a date. The matter was referred to a three-member (CFO, VP-HR and region Legal Head) code of conduct committee set up by the company to handle such cases.

The code of conduct committee appointed an investigation team as per the guidelines of the Supreme Court. The female employee was assured complete confidentiality and an initial investigation kicked off to verify the facts. The code of conduct committee found that there was a prima facie case of sexual harassment, and approved a full-fledged investigation.

The investigating team spoke to the male colleague accused in the case. After collecting all information and, based on depositions, the investigation team found him guilty. The code of conduct committee reviewed the findings of the investigation team and, based on the company's zero tolerance policy, asked the employee to leave.

KAPIL

in its zeal to curb such behaviour. However, such pre-emptive steps may be just what are needed to prevent a situation from coming to a head.

In this story, we will focus on those organisations that recognise the problem and are doing whatever it takes to get on top of it. Consider IBM India, which has made it a habit to pick the brains of its woman workforce. The question often asked is: What are your perceived barriers to advancement? Says Kalpana Veeraraghavan, Diversity Manager — yes, that is her designation — IBM India: "We were among the first to look at flexibility and diversity. Providing equal opportunity and building woman leaders is a part of our module." IBM India is also one of the very few companies in the country that trains its people managers on sensitivity to gays, lesbians, bisexuals and transgenders, or GLBT (see *What about the GLBTs?*). Moreover, IBM's diversity policy has a 360 degree approach — it does not just target employees, but covers the entire eco-system of suppliers and business partners.

Encouraging diversity is clearly the way to go. More specifically for women, just having more of them in the workplace — and in positions that matter — will go a long way in curbing harassment and bias. M&M, for instance, would like to have 50 per cent women in its workforce. "We are nowhere near it. The group's total workforce has 15-18 per cent women," says Dubey. But that ratio could improve, what with M&M's new recruitment policy stating that if all factors, other than gender, are the same, M&M will prefer to hire women.

At the same time, somebody's got to ensure that the discrimination does not begin at that stage. IT services major Wipro takes pains to train its interviewers on diversity and inclusivity to eliminate biases while interviewing and selecting candidates.

Then there is the task of wooing women into roles that are considered the bastion of men. In the fast-moving consumer goods (FMCG) sector, for instance, 90 per cent of the jobs are field-oriented — and thus thought to be only for men. PepsiCo India is trying to change that. "We have broad-based our search methods and sensitised our recruiting partners to ensure we get resumes from women," says Pavan Bhatia, Head of HR at PepsiCo. Tying up with women-only job portals is just one way the beverage maker is doing that. Women can also apply directly for roles at PepsiCo. "We also have tried to reduce internal barriers to having women employees," adds Bhatia. More women in sales functions is something that consumer durables maker LG India is keen on

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GENDER GAP

"If a man is not sensitive to women at home, he will not be at work. Hence, education of such a person can't be achieved overnight"

Makarand Khatavkar, Head, Human Resources, Deutsche Bank India

NISHIKANT GAMRE

too. "Many fresh female management graduates have opted for a sales job, which is a new trend in durables," says Y.V. Verma, Chief Operating Officer, LG India.

Organisations that lack the wherewithal to encourage diversity have to look outwards for help. Deutsche Bank recently conducted 'diversity and leadership culture' workshops to inculcate the spirit of inclusion. A trainer from the US hired local actors to enact everyday workplace scenes. "At first most people found nothing objectionable since the actors were doing and saying things that are common in office, but then discussions with the trainer on each of the acts brought out the underlying insensitivity to co-workers from diverse backgrounds," says a senior DB executive who attended the workshop.

DB believes such workshops are an imperative. "Male behaviour (that is insensitive to women) is a manifestation of a deeper mindset. It is often traceable to insensitivity to women at home and in society more than at work. If a man is not sensitive at home, he will not be sensitive at work. Hence, education of such a person can't be achieved overnight," says Makarand Khatavkar, Head, HR, Deutsche Bank India. Khatavkar has reported to three women bosses in his career, including Naina Lal Kidwai, currently Country Head at HSBC India, who was recently inducted onto the HSBC Asia-Pacific board.

Simultaneously, companies have to ensure that they are equipped to deal with, well, those who did not benefit from the education. At PepsiCo India, where 10 per cent of the workforce is women, employees are coached and counselled. But if that does not work, the company is not reluctant to come down hard on the offender. Pepsi has a speak-up line — it is a confidential line for complaints on discrimination or for any employee in need of help. The punishment can be swift and decisive. Last year, one employee was fired for sexual harassment. "If a complaint is proved, the offender has to go," says Bhatia. Interestingly, 70 per cent of the complaints of discrimination and harassment are found to be genuine.

A company's attitude to sexual harassment and bias is evident in how much it is willing to reveal. And that is what sets Infosys apart from the rest of India Inc. In 2003, a year after a high-profile sexual harassment charge came to light, N.R. Narayana Murthy, then Chairman and Chief Mentor, set up IWIN, or the Infosys Women Inclusivity Network, to accomplish three major goals: Create a gender-sensitive and inclusive work environment, and thereby make Infosys the employer of choice for women; help women in their career lifecycles through support groups and policies, and thereby enhance retention; and develop women for managerial and leadership roles, and thereby maintain gender ratios at all levels in the organisation.

Those sceptical of the payback of such initiatives should check out the results. Following IWIN, the women workforce at Infoys has grown from 19 per cent in 2003 to 32 per cent in 2010. Retention of experienced women hires has increased, says the company, although it does not reveal by how much. The gender ratios in the middle management levels are being maintained. At the entry level women make up 40.3 per cent of the workforce, at middle level it is about 24.2 per cent, for senior managers it is 6.5 per cent and for those above assistant vice presidents 6.2 per cent. The numbers at the higher levels may still be low, but if IWIN keeps going, it promises to be a win-win for not just women but all employees across the hierarchy as well as for the organisation itself. ⊙

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GENDER GAP

BY GANESH SHERMON

There's a Thin Line Between Flirtation and Harassment

Are we safe? Are you safe? And are our women safe at the workplace? Your response will depend on which gender you belong to. But you don't need a column to tell you that women are not as safe as you would like them to be in the workplace. Let us analyse why we would state so vehemently what is perceived as an extreme view.

At the overt level are issues pertaining to an insipid civil society — inappropriate language, coloured remarks and jokes, lack of respect, overt differentiation, amongst others. At the covert level, women are not chosen for physically taxing jobs or roles that involve dealing with power that is sometimes perceived to be unscrupulous (corrupt governments or strident trade unions). Women wearing western clothing or found smoking or having a drink with the "boys" are viewed as being "forward" in their outlook, meaning "available" or "loose", not just by their male counterparts but also amongst women friends.

In the United States, as defined by the Equal Employment Opportunity Commission (EEOC) guidelines, sexual harassment is "unwelcome sexual advances, requests for sexual favours and other verbal or physical conduct of a sexual nature when: submission to such conduct is either explicitly or implicitly a term or condition of employment; submission or rejection is used as the basis of employment decisions affecting such individuals; such conduct has the effect of unreasonably interfering with a person's work performance or creating an intimidating, hostile or offensive work environment".

In short, sexual harassment can be any of those things a person finds sexually offensive on the job. Simple flirtation for one may be harassment for another. Also, sexual harassment may be directed from supervisors, co-workers or non-employees.

One of the biggest barriers to the amelioration of sexual harassment is the reluctance of women to label and/or report incidents of harassment. But this "silent reaction to sexual harassment syndrome" may just serve to perpetuate the existence of sexual harassment.

There is no doubt that predominately male environments tend to be more physically hostile and intimidating compared to other work environments, and men are more likely to physically mark their work environment with sexually objectionable material, sexual comments, and sexual jokes. The implications of these on job-related operations suggest the possibility of lower productivity and organisational commitment among women.

Employers can do a lot to prevent sexual harassment by educating managers, supervisors and employees as to the inappropriateness of such behaviour, by affirmatively stating their disapproval and by following through with the consequences for such behaviour as outlined in the company's policy.

The Prohibition of Sexual Harassment of Women in Workplace Bill 2010 is lame and requires measures that would act as a strong deterrent. ⊙

(The author is Head, People and Change at KPMG India)

GIVE THE BILL MORE TEETH

The Prohibition of Sexual Harassment of Women in Workplace Bill 2010 is no deterrent. To make it useful:

It should outline a policy of summary dismissal of the guilty with no appeal

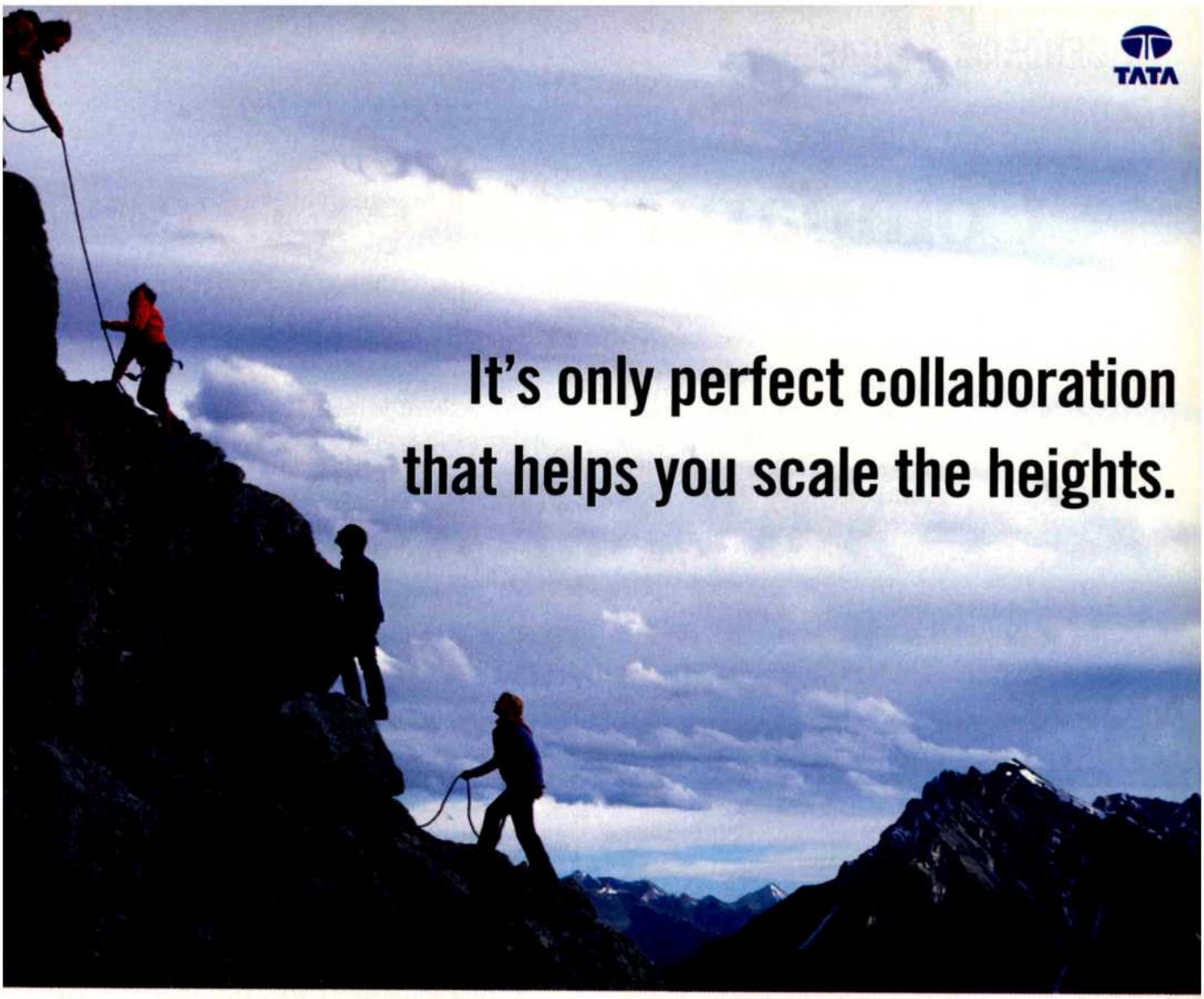
The quantum of damages payable to a victim should be high enough to ensure compliance by corporations

Companies must have a zero-tolerance policy towards sexual harassment

Cases should be handed over to law enforcement agencies at the earliest

There should be no out-of-court financial settlement of such cases without appropriate legal guarantees

The committees should not have more than two members, and they should be highly empowered to act



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GENDER GAP

Companies Take Cover

Insurance firms are offering policies that cover sexual harassment claims.

Sexual harassment can hurt a company badly — and its shareholders, too. Hewlett Packard's market value has plunged by $15 billion (Rs 69,000 crore) — from a high of $105 billion — since its CEO Mark Hurd was accused of sexual harassment by a female marketing contractor. Hurd reached a legal settlement with the woman although an investigation by HP did not reveal any violation of the company's policy. The woman also did not make any legal claims on HP.

However, the damage was strewn all over the place. Hurd had to resign, as the company accused him of falsifying expense reports to conceal a "close personal relationship." HP also lost a CEO to Oracle no less, and Hurd had to settle a lawsuit with HP, which wanted to stop him from working with Oracle.

There's little a company can do to protect itself from a slide in the value of its stock in such circumstances. But it can insure itself against claims for damages arising from allegations of sexual harassment against its top executives. Although there are no specific policies tailored to cover sexual harassment claims, there are separate covers globally in the guise of an Employment Practices Liability (EPL), which includes sexual harassment claims. Other than EPLs, a Directors & Officers, or D&O, policy can cover sexual harassment at the workplace. Broadly, a D&O policy covers damages and defence costs as a result of a lawsuit for alleged wrongful acts by directors and officers. Organisations, too, can be covered by this policy. "The policy is quite comprehensive and it includes same gender issues, too," says Krishnamoorthy Rao, Managing Director and CEO, Future Generali India General Insurance Company. "There are companies in India that have taken maximum cover ranging from $1 million to $100 million," adds Rao. A $100 million (Rs 460 crore) D&O policy comes with an annual premium of Rs 1 crore. If the company is also insured, the premium goes up to Rs 1.5 crore.

Whilst a D&O policy can protect senior executives, Indian insurance companies also offer an EPL, which protects a business against claims arising out of actual or alleged wrongful termination of employment, unlawful discrimination, sexual, racial, disability or workplace harassment, wrongful failure to employ or promote and the like. Thus, companies are quite aware of claims that can arise out of allegations of sexual harassment and discrimination.

Early in the decade, Infosys settled a high-profile sexual harassment suit by partly paying out of its own pocket and through an insurance company. Infosys disclosed in a filing to the stock exchange in early 2003 that "an unfavourable resolution could adversely impact Infosys results of operations and financial conditions". A year later, the Philadelphia Housing Authority settled a sexual harassment claim against an executive director by contributing $99,000 to the payout. The insurance carrier contributed $101,000.

Since then, there have been many companies reaching out-of-court settlements in sexual harassment cases, but in most such cases businesses have had to dig into their own coffers. Yet, buying insurance against potential harassers is never a bad idea. Such companies would at least be acknowledging that they recognise the threat of harassment and discrimination. ⊙

ANAND ADHIKARI

NISHIKANT GAMRE

"There are Indian companies that have taken a Directors & Officers policy (which covers wrongful acts like sexual harassment) ranging from $1 million to $100 million"

Krishnamoorthy Rao, MD and CEO, Future Generali India General Insurance Company

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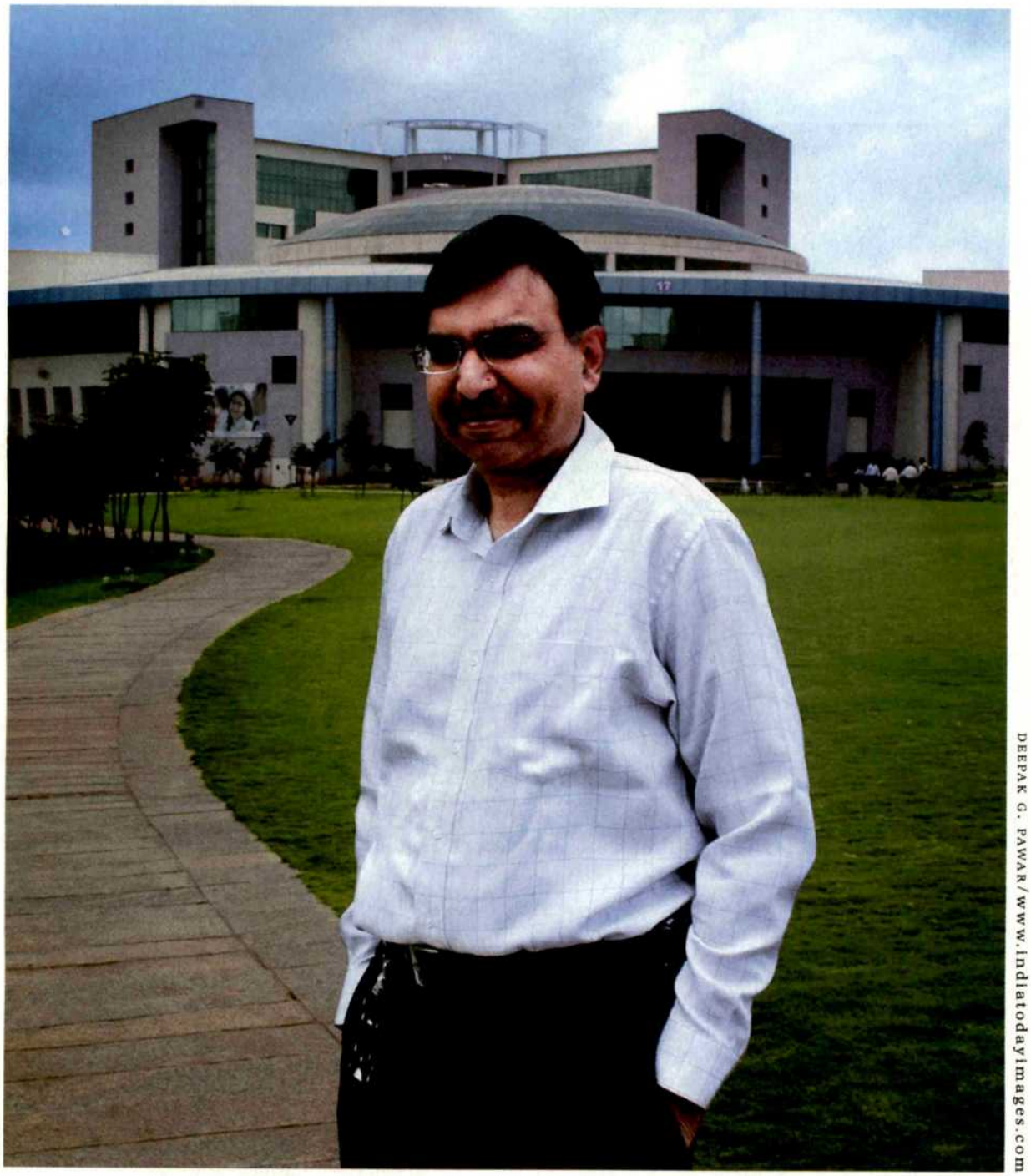
THE NEW FACE OF IT

With outsourcing on the rebound, the Indian IT and BPO industry is in the midst of an ambitious transformation.

RAHUL SACHITANAND joins the dots.

At Sholinganallur, on Chennai's eastern periphery, one building is quite unlike any other in its vicinity. The latest build out by Wipro doesn't just house hordes of techies writing code for a client halfway across the world. Instead, this seven floor building is what the soaps-to-software conglomerate calls a "flex" construction, with each level fitted out with its own cafeteria, capable of running 24/7 and completely independent from other floors.

It is not just the building costs that Wipro will amortise over different clients. Inside, it has built out its own technology tools and platforms — such as Wipro BASE for BPO and Net Oxygen Cirrus (the first is a BPO platform and the second a mortgage services platform acquired with its purchase of Gallagher Financial during the peak of the slowdown) — to power its vision for a shared services concept and back its ability to win over customers too. These are early days yet but Wipro says it has some wins already, though it didn't disclose them. No longer does the company want to grow its revenues only by increasing the number of its workers



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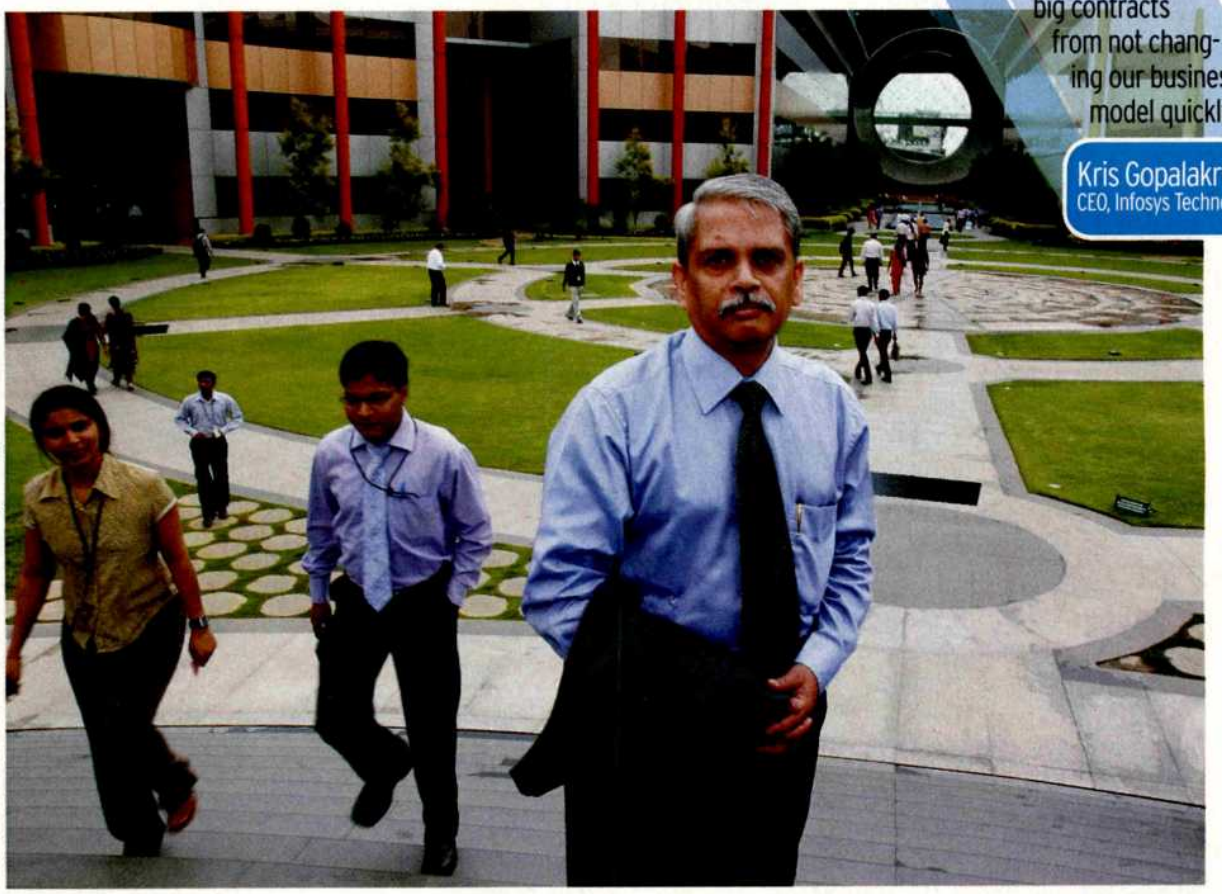
proportionately. "We don't want to double our headcount to double our revenue," says Girish Paranjpe, joint CEO of Wipro's information technology (IT) business.

Some 1,330 km north-west of Chennai, in Mumbai, Asia's biggest software services firm Tata Consultancy Services expects to see its investments in software tools and platforms paying back, too. It expects one-tenth of its sales from what it calls non-linear services — work that yields revenues and profits disproportionately to coders or back office support agents employed.

Chief Executive Natarajan Chandrasekaran says TCS has three different types of software and busi-

Girish Paranjpe
Joint CEO, Wipro

"We don't want to double our headcount to double our revenue"



"We risk losing big contracts from not changing our business model quickly"

Kris Gopalakrishn
CEO, Infosys Technologi

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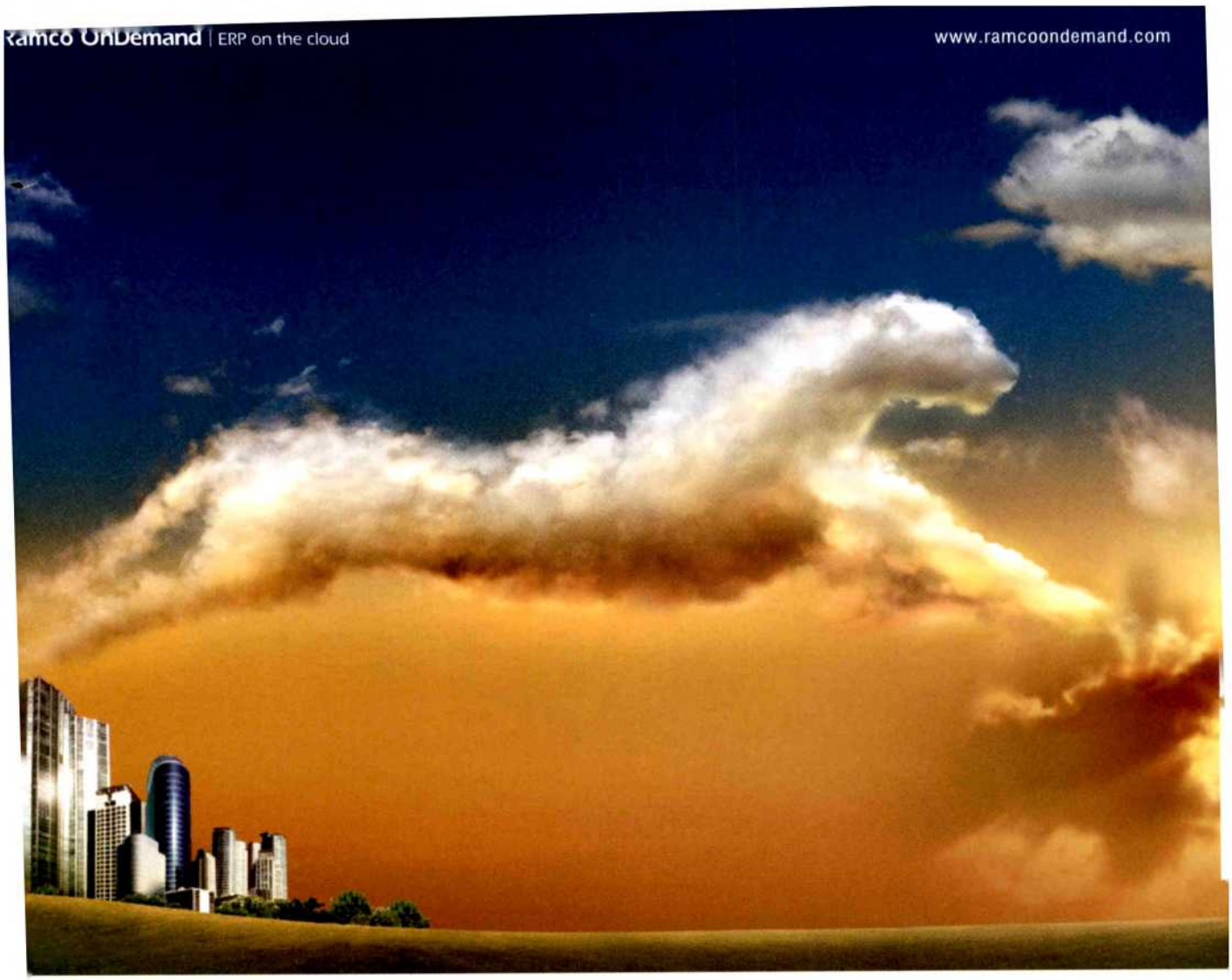
ness process platforms under operation. The first one, called bank-in-a-box, was launched for rural and co-operative banks in India and covers some 2,500 branches, charging them as little as 10 paise per transaction in what is increasingly referred to as a pay-per-use model in the industry — a model that lowers costs and processing time. Second, TCS has invested in process or "horizontal" clouds to allow companies to access internal processes such as human resources outsourcing, finance and accounting and procurement online. This has already attracted some 15-20 companies such as consumer measurement leader Nielsen & Co. Chandrasekaran expects many more to climb aboard as the profitability of this model is proven. Finally, TCS is also building technology to deliver solutions to specific industries such as financial services, manufacturing and telecom.

"We will target large enterprises with these applications, but we also have invested in a cloud application for small businesses, which already has 75 clients and we expect this to expand to a few thousand clients in three years," says Chandrasekaran. As companies big and small across the world begin to relook at their IT spending, they are pushing vendors — almost all with big operating bases in India – such as Wipro and TCS, as also the foreign-owned ones like IBM and Accenture, to be more flexible in their contracts, shifting from payment models centred around upfront, capital spending to operating expenditure, and devise IT models that allow for more on-demand usage.

For an industry used to working on a linear business model, where additional revenue dollars came through more bodies at work, these kind of developments mark a distinct new phase in the $60 billion IT and business process outsourcing industry. As global tech spending begins to grow — three per cent in 2010, according to research firm Gartner — outsourcers aren't just going back to business as usual. Instead, they're looking to germinate new models of business that mark a sea change from the body-shopping roots of the industry that at last count employed 2.3 million and accounted for 6 per cent of the GDP.

The New Normal

While the ride seemed like it would never end, the financial services-led slowdown taught the industry some cruel lessons. As the US and eventu-



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RTE – Ancillary Unit of Brakes India Limited

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"Ramco OnDemand ERP has helped us to strengthen visibility among the franchisees and parent company. We now operate on the same application, resulting in better understanding and improved overall efficiency. We find Ramco OnDemand ERP very user-friendly, and the users are able to adapt to the application very easily. The support provided by Ramco Systems has been timely and quick; this has helped us enormously in implementing the solution, and we are very satisfied."

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Mr. Vijay Thakur, Head - IT
GFB Great Foods Private Limited

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ally the rest of the world were caught by the recession, companies across the board cancelled or postponed contracts, bruising the infotech industry badly — bellwether Infosys declared its first year of zero growth, others such as Wipro put hiring and promotions on a freeze. The industry, which was growing at 30 per cent annually, suddenly came to grips with expansion just over single digits and was forced to introspect and begin the slow, painful, but inevitable process of re-invention.

After a bruising couple of years, as the IT industry gets slowly back to its feet, the new moves may pay off, analysts say. Brokerage IIFL's Sandeep Mathangi feels top Indian companies are stronger than earlier. "EBITDA margins of the top three vendors have expanded by 150-450 basis points (bps) over the past two years, and we expect them to increase by up to 150 bps over 2010-12," he wrote recently. EBITDA is a measure of operating profits and short for earnings before interest, depreciation, tax and amortisation, and a basis point is one-hundredth of a percentage point.

This improvement, he explains, will be driven by a glut of manpower, which will keep salary costs under control and better profits as their customers step up discretionary IT spends. "Infosys has grown sequentially by over five per cent in volumes the preceding three quarters and the doubts over strong growth seem to be evaporating," says Infosys Technologies CEO and MD Kris Gopalakrishnan. "The offshore model is evolving and large Indian companies are developing full service capabilities."

In other words, Indian IT companies are moving away from their main business in application development and maintenance (ADM) to higher value businesses such as core R&D outsourcing, IT consulting and what is called total outsourcing (from tech to BPO support). The share of ADM in the revenues of top companies has shrunk by between 15 per cent and 30 per cent in the past five years. This together with worldwide enterprise IT spending expanding nearly three per cent this year and expected to top $2.4 trillion, as estimated by Gartner, spells good news for the Indian tech industry — which accounts for some 60 per cent of all offshored tech spending.

"The offshore services market has come roaring back," says Partha Iyengar, VP and Distinguished Analyst at the research firm. But "the recession has forced companies to change their business models". The emerging importance of cloud computing, which has applications hosted on remote servers and accessed through the Internet, as Infosys's Gopalakrishnan points out as an example. "We risk losing big contracts from not changing our business model quickly."

So, rather than have a 1,000-strong team manage a business software — say, SAP — application for 10 hours a day, Indian IT companies are offering 24/7 coverage at shared services centres, with add-ons such as predictive reporting — telling a manager in advance when his servers could crash — as an added incentive.

HOW THEY HAVE GROWN

Revenue and profit in Rs crore ^Wipro's data only for IT businesses. The firm only declares PBIT for its businesses, not net profit
*Cognizant is listed in the US and declares revenues in US dollars only.
Appropriate forex conversion rates were used Source: Companies

KULDEEP

Iyengar believes Indian companies could win a quarter of such new businesses as companies move to cloud-based models.

Other forces are in play, as well. For one, companies which aggressively outsource tech and support work such as Microsoft, Wells Fargo and JP Morgan are all looking afresh at their outsourcing list — clamping down on the number of vendors they work with. So, Indian outfits are increasingly faced with requests for proposals from clients offering bigger contracts to fewer vendors who are chosen for scale and domain expertise. TCS, Cognizant and HCLTechnologies have gained from this, not so much the others.

N. Chandrasekaran
CEO, Tata Consultancy Services

"A cloud application for small businesses already has 75 clients"

COURTSEY: TATA IMAGE LIBRARY

Then, India's position as the preferred destination for outsourced IT and business processes has come under sustained fire, with the Philippines hacking away at its dominance in voice-based BPO services and a fast-growing China adding heft overnight to threaten India's dominance in IT. (See our feature, *The Dragon Rises*). Protectionist measures — the United States has doubled fees for certain visas used by tech companies and some states such as Ohio have banned offshoring their work to India — are adding to the nervousness of Indian tech companies. The continued softness in Europe is only adding to their troubles keeping the concentration of business — especially, new wins — firmly in North America.

There are other factors companies are fighting, too. Infosys, for instance, has been struggling to make do with higher prices in contracts to offset rising costs over the past few years. Multiple salary hikes over the past seven years shaved off 8.5 percentage points from Infosys's gross margins, but price hikes could make for just 1.4 percentage points at the EBITDA level notes IIFL in a note. Other analysts say both Wipro and Infosys are also behind on investing in front end sales, marketing and consulting staff (Wipro's sales and marketing expense actually declined last year) and that allowed rivals such as Cognizant Technology Solutions (See *The Disruptors*) to make noticeable gains in key markets such as financial services.

Despite all such churn, Indian IT is on a definite but measured path to transformation. From being purely India-based providers, companies are firmly on the path to widen their global presence. From being experts in only a select few industries such as financial services and manufacturing, they are entering and expanding into new industries such as government, health care and utilities. From being just providers of outsourced software services, they are becoming end-to-end providers of software services, BPO and consulting services. Infosys is targeting one-third of its business from what it calls transformative IT deals that will help clients change even fundamentals of their businesses.

The Bangalore company has opened a new subsidiary in the US to get business from public sector clients, until now a preserve of the large American giants such as IBM, Accenture and EDS. It is also expanding to newer markets such as health care. "The traditional markets have become been more comfortable with outsourcing and offshoring , while many of these emerging sectors are yet grappling with these concepts," says Gopalakrishnan. With the global tech and BPO sourcing market predicted to treble to $1.5 trillion in the next 10 years and, importantly, new technologies and business models taking root, the Indian IT landscape could present a different picture soon. ⊙

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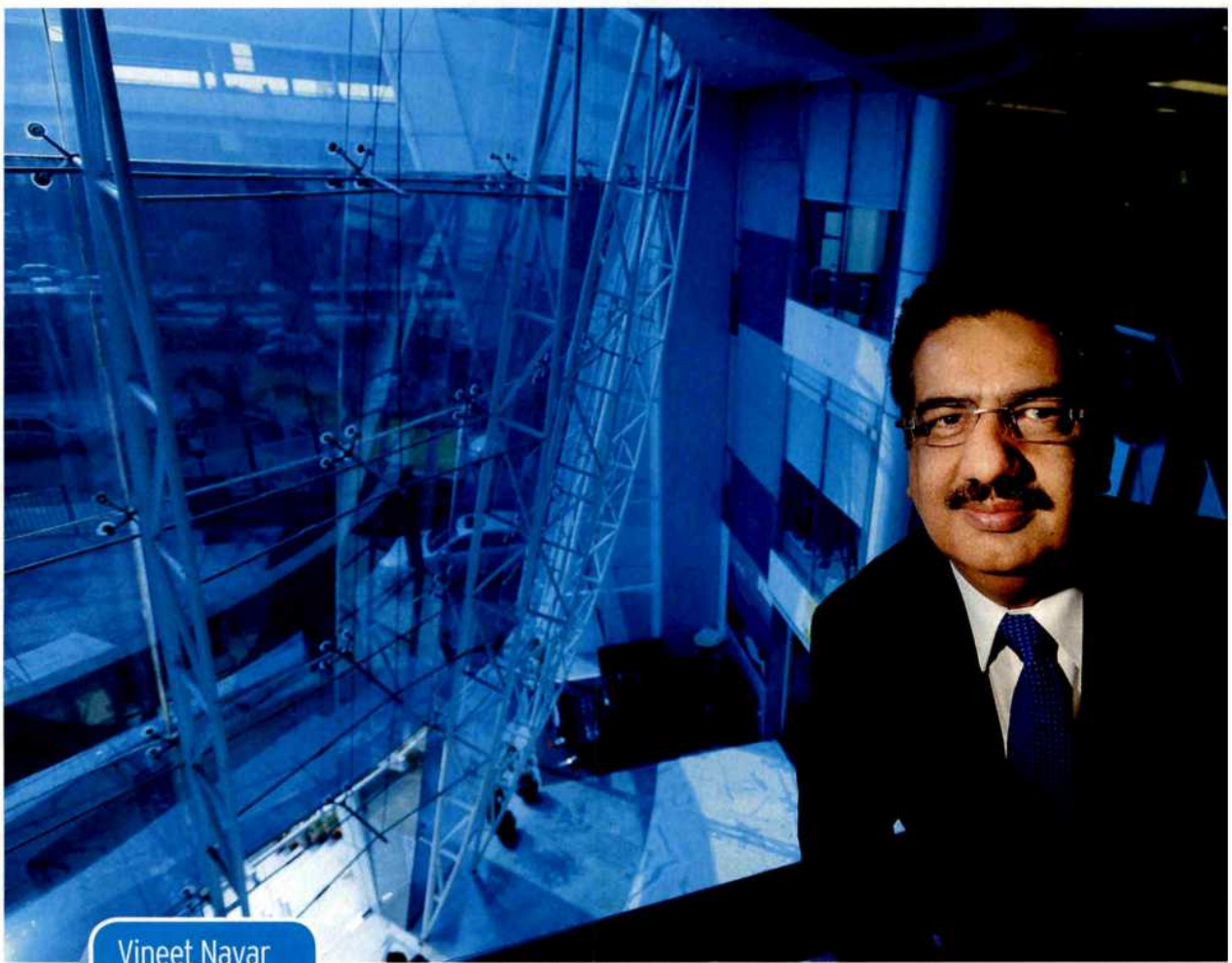
THE NEW FACE OF IT

The Disruptors

HCL Tech and Cognizant could shake up the top five rankings in the Indian IT sweepstakes sooner than later.



Vineet Nayar
CEO, HCL Technologies

"This is a battle of business models, not of individual companies"

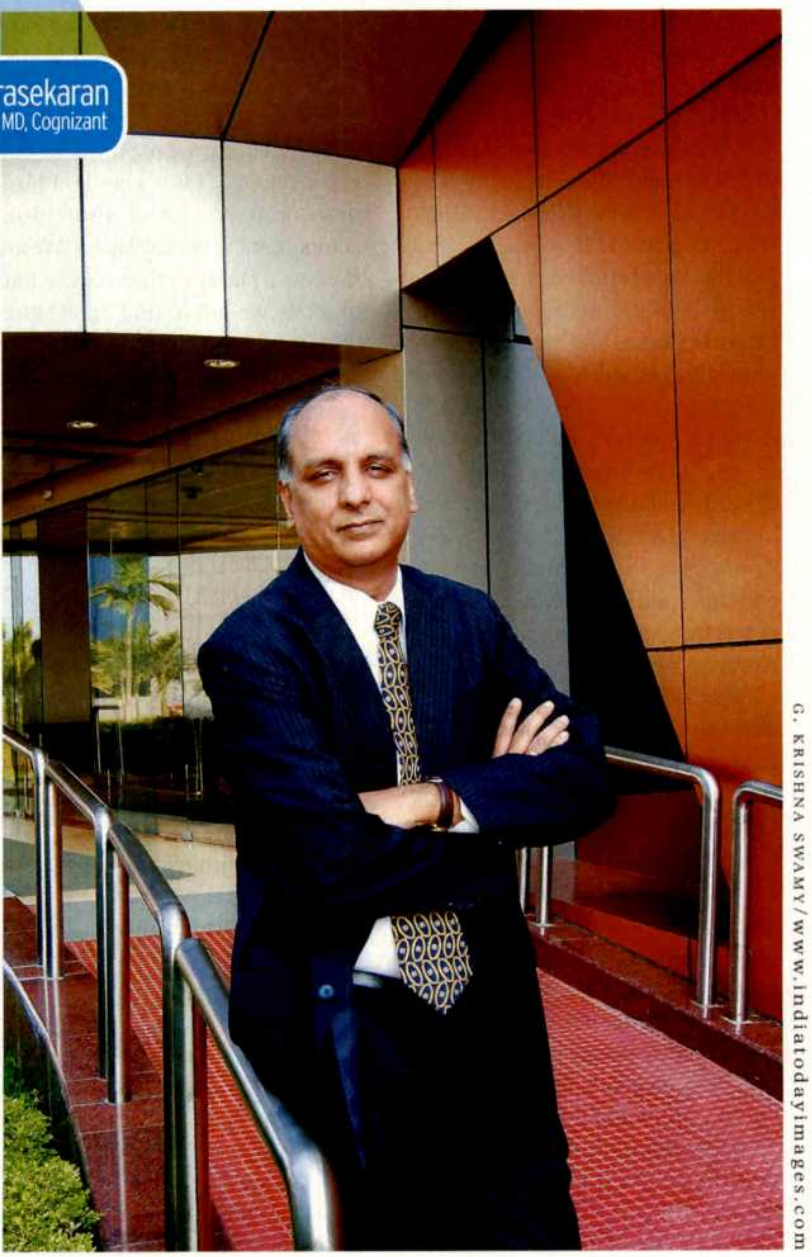
VIVAN MEHRA/www.indiatodayimages.com

For a decade, the triumvirate of Tata Consultancy Services, Infosys Technologies and Wipro has topped the charts in the Indian IT industry. Satyam Computer Services — now Mahindra Satyam — had almost gatecrashed into the party but was done in by a scam orchestrated by its founder, B. Ramalinga Raju.

Today, two companies — one, a relative newcomer and the other 27 years old — seem ready to stage a coup of their own. Cognizant Technology Solutions, a company

"We balance investments across multiple return horizons"

R. Chandrasekaran
President and MD, Cognizant



G. KRISHNA SWAMY/www.indiatodayimages.com

headquartered in the small eastern US town of Teaneck, New Jersey, but with 80 per cent of its delivery in India, and HCL Technologies (once a calculator-maker called Hindustan Computers) are both ready to edge into the top three.

Already, there are signs that the two firms are making life difficult for India's top outsourcers. Cognizant expects a revenue growth of 36 per cent this financial year (ending December 2010), which should give it an additional $1.2 billion in sales — a figure none of its rivals has achieved. In the quarter to June 30 this year, its revenues grew by $145 million, the highest-ever increase for a top five Indian IT firm. For calendar 2009, its financial year, Cognizant added $572 million to its revenues — more than the combined $534 million reported by TCS, Infosys and Wipro for 2009-10.

Unlike its Indian rivals, whose leadership is based here, Cognizant's top team is based in North America and the company is listed only overseas. Even at its pace, its growth has been steady. Banking and financial services, and manufacturing account for two out of every three revenue dollars, and its penetration into other industries has been surefooted rather than spectacular. Cognizant, until 2006 ranked No. 6 by revenues in the Indian IT pack, is at No. 4 and within striking distance of Wipro today.

HCL Tech, meanwhile, has steered away sharply from the typical Indian IT services model of large scale application development and maintenance (ADM). Five years ago, the company decided to move its focus to total IT outsourcing and remote infrastructure management — categories most companies hadn't seriously dabbled in until then. ADM "is quickly becoming commoditised ... everyone of a certain scale can deliver services of nearly the same quality and cost," says CEO Vineet Nayar.

In September 2008, HCL acquired Axon, the world's largest independent provider of remote management services, for $814 million. HCL claims to have increased revenues by over 128 per cent in the last five years,

from Rs 3,323 crore in 2004-05 to Rs 12,565 crore in 2009-10, the highest rate in the industry. It has accounted for 30 per cent of the incremental revenue addition of Indian IT, even though its market share is at 12 per cent.

As these companies have grown, they have made their Indian (and indeed multinational) rivals increasingly jittery. Cognizant has focused on just four industries and tried to assimilate service delivery lessons from India-based vendors as also build consulting muscle like at the IBMs and Accentures. "The top six India-centric providers enjoy a 2.7 per cent share of the global IT services market," says R. Chandrasekaran, President and Managing Director of Cognizant. "Our strategy focuses on winning as many customers and broad-basing our range of service offerings across mature and emerging verticals."

At the same time, Cognizant is also beating its larger Indian rivals at their own game. Cognizant gets 57 per cent more revenues from its top five clients than Wipro and is almost on a par with Infosys, brokerage Kotak Securities had pointed out in an August report. Unlike its Indian rivals, who focus on maintaining net margins of 25 to 30 per cent, Cognizant has gone for building revenues and boosting domain expertise even if it means being happy with margins of 19 to 20 per cent.

This means that Cognizant is breathing down the neck of the No. 3, Wipro. The gap is just $99 million and, given Cognizant's 15 per cent quarter on quarter revenue growth, some analysts say it is only a matter of time before changes occur. "Revenues from the US are 26 per cent higher than Wipro and just 5 per cent short of Infosys," Kotak analysts Kawaljeet Saluja, Rohit Chordia and Vineet Thodge wrote in their report. They also point out that the revenue gap between Cognizant and Infosys in the financial services market is down to just $19 million a quarter.

HCL, too, has been fine-tuning its business model. It has its revenues spread evenly amongst infrastructure management, application development, enterprise applications and R&D services. "This is a battle of business models, not of individual companies," says CEO Nayar. "We are the No. 1 player in three of the four markets we are in and application development is a must to undertake total IT deals."

To be sure, this won't be an uninterrupted growth story for the two companies, especially for HCL, whose remote infrastructure management business is already under threat from large MNCs such as IBM and HP (See our story on multinationals, *Sitting Pretty*). For Cognizant, the challenge could arise when its Indian rivals expand their consulting business in the West and MNCs attack its global delivery from India.

Both the challengers are aware of these possibilities. For example, HCL has started an internal venture capital-like unit to seed and fund five potentially high-growth businesses in areas such as mobility and cloud computing.

"We've done this in the past with Comnet (now its infrastructure management practice) and we want to nurture an entire business ecosystem," says Nayar.

Cognizant has grown its business consulting unit to over 2,000 people and sees it as key long-term edge over its rivals. It is also hiring statisticians and mathematicians to better mine data for clients. "We balance investments across multiple return horizons — making sure to capitalise on near-term opportunities, but never losing sight of planting seeds for the future," says Chandrasekaran.

If those acorns turn into oaks, the top echelon of the Indian IT industry could be noticeably different in less than a decade. ⊙

GETTING IT RIGHT

Cognizant

- Based its top management in the West, close to clients
- Chose to gain market share, sacrificing the fat margins of its larger peers
- Made "tuck-in acquisitions", like high value analytics BPO MarketRx
- Invested surplus above a set margin band to expand sales
- Steered clear of spreading thin by focusing on four key verticals

HCL Technologies

- Avoided earning a large chunk of its business from app development
- Focused on enterprise apps and remote infrastructure management
- Moved to a non-linear model early, perhaps the first to do so
- Leveraged its balance sheet to acquire Axon in the UK
- Adopted a much-publicised people first – and customers second – policy

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Although that's comforting to hear.

It isn't that we win awards for our services.

Although we do. Often.

It isn't that we have access to resources, giving us strength and depth across equities, fixed income, structured products and currencies.

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NEW FACE OF IT

"We don't like to look at India as a standalone delivery location anymore"

Rajesh Nambiar
VP and GM,
Global Delivery, IBM

Sitting Pretty

IBM has an army of over 100,000 workers in India. That's only the teaser – tech MNCs today control nearly a quarter of the offshored business and they are growing fast, really fast.

DEEPAK G. PAWAR/www.indiatodayimages.com

When consumer goods giant Unilever was looking for help in 2005 to group its financial transactions under one overarching structure, it turned to the services arm of International Business Machines, or IBM.

The arm, IBM Global Services, developed tools to look into the payment patterns and come up with predictive capabilities to spot problems in a complex web of suppliers and contractors in the Unilever universe. The solutions were not all developed by the feted development centres Big Blue — as IBM is nicknamed after its blue mainframe computers of the 1970s — runs in Cambridge, Massachusetts, or San José, California. They were put together in large chunks in far off Bangalore, until then seen as an outpost only for low-cost outsourcing. IBM, which also runs day-to-day support for the 'One Unilever' project from Bangalore, is well on target to help the maker of brands such as Dove, Knorr and Surf save €700 million (Rs 3,235 crore).

As the Indian outsourcing industry matures, multinational tech companies are doing a re-think. In the past, they built large armies of coders and BPO associates to do the grunt work; now, they are upgrading staff skills and dovetailing teams into a global chain of delivery centres. "We don't like to look at India as a standalone delivery location anymore," says Rajesh Nambiar, Vice President and General Manager for Global

THE MNC MUSCLE

COMPANY/ Businesses in India

IBM
BPO, research, labs, No. 1 in domestic market

HP
Labs, research

Dell
BPO, analytics, R&D, acquired IT services

Accenture
Management consulting, IT services and Cancadia, a body-shopping business

Source: Company, industry

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Delivery at IBM. "We want to have the same quality of delivery globally."

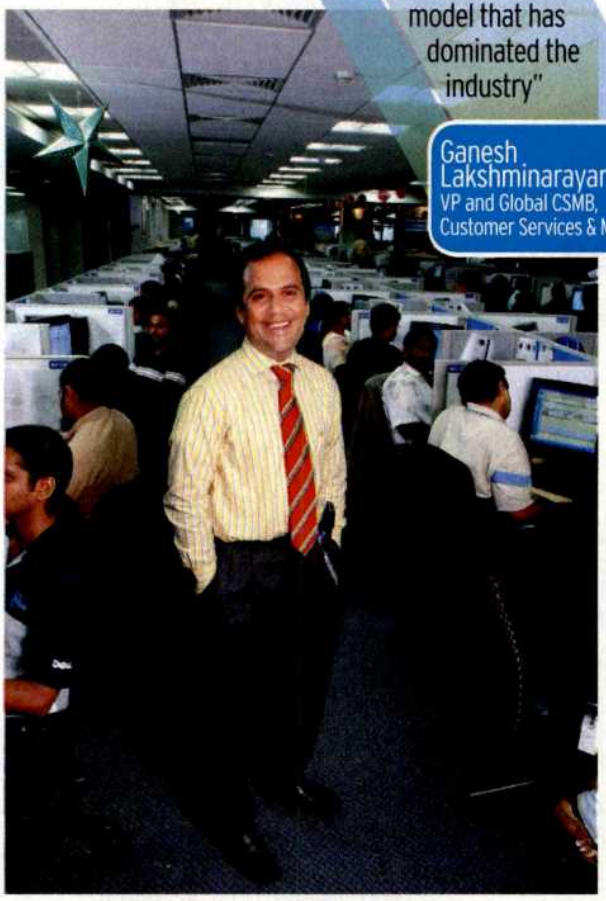
In doing so, tech MNCs (see *The MNC Muscle*) are earning a sizeable chunk of revenue from India for their parents. A recent survey by industry body Nasscom and tech researcher Zinnov estimated that MNCs accounted for more than $11 billion or 22 per cent of export of IT and BPO services from India. This is a seven-fold increase from three years ago. The largest segment is accounted for by engineering and R&D businesses ($4.8 billion), followed by IT services units ($3.4 billion) and BPO with $3.4 billion, according to this report.

In India, large companies such as Hewlett-Packard (HP), IBM and Accenture lead 750-odd software and BPO MNCs that employ over 400,000 here — in effect about 20 per cent of the workforce. Many captive units of US and European corporations, which were set up for non-core IT services and BPO tasks, are increasingly selling or shifting these operations to the tech MNCs.

While IBM jumpstarted its offshoring in India with its Daksh acquisition in April 2004, its global rival HP made significant gains in the IT services market with its buy of EDS in May 2008 for $14 billion. EDS itself had acquired mid-tier firm MphasiS for added India leverage. The HP-EDS combine boasts a headcount of over 50,000, according to industry sources. HP executives see this as a key advantage in the outsourcing market. "India's core value proposition of cost-quality-scale is a combination that organisations across the globe will find attractive for some time to come," says Prakash M.S., who directs offshore operations for HP in India.

"We challenge the closed and costly services model that has dominated the industry"

Ganesh Lakshminarayanan
VP and Global CSMB, Customer Services & MD, Dell



DEEPAK G. PAWAR

While HP and IBM have realised the potential of outsourcing early and bought and built a large India presence, key India rival Accenture has stepped on the gas in the last couple of years. Starting from a 35-person outfit back in 2003, it is set to cross a headcount of 50,000 by end-2010. Already, Accenture in India has more employees than in the US and, despite a slowdown in hiring in 2009, recruiters are back scouting for talent across the country. Likewise with Capgemini, Europe's largest outsourcer, which has 25,000 employees in India. For Computer Sciences Corp., India is the second-largest location globally, with some 19,000 people, around 14,000 of whom it inherited when it acquired Covansys three years ago.

It is not only the giants who are making big plans in India. Smaller services outfits too are expanding here as growth stagnates in home markets. For example, Logica, a UK outsourcer, has made India its largest delivery location with 5,000 people. Its global head of innovation sits in Bangalore, and it is looking to deliver new services — from here. "The progress in remote infrastructure management is particularly important along with cloud and virtualisation technologies," says Abhay Gupte, its India head.

The rise of multinationals in India is also being influenced by broader trends of consolidation in the outsourcing industry. For example, computer maker Dell, which in 2010 doubled its headcount to 21,500 in India with its Perot Systems acquisition, is using its India base not just as a global support hub but also to hunt for custom in the Indian market, which is growing at 15-20 per cent. Like its 10-year deal with Max Healthcare. "We focus on engagement models that put our customers in control of what they buy and how they consume our services," says Ganesh Lakshminarayanan, head for Dell International Services in India. Dell, like IBM and HP, has crossed $1 billion in India revenues.

As the multinationals continue on their rapid growth, the contours of the tech services industry — in India and abroad — may never look the same again. ⊙

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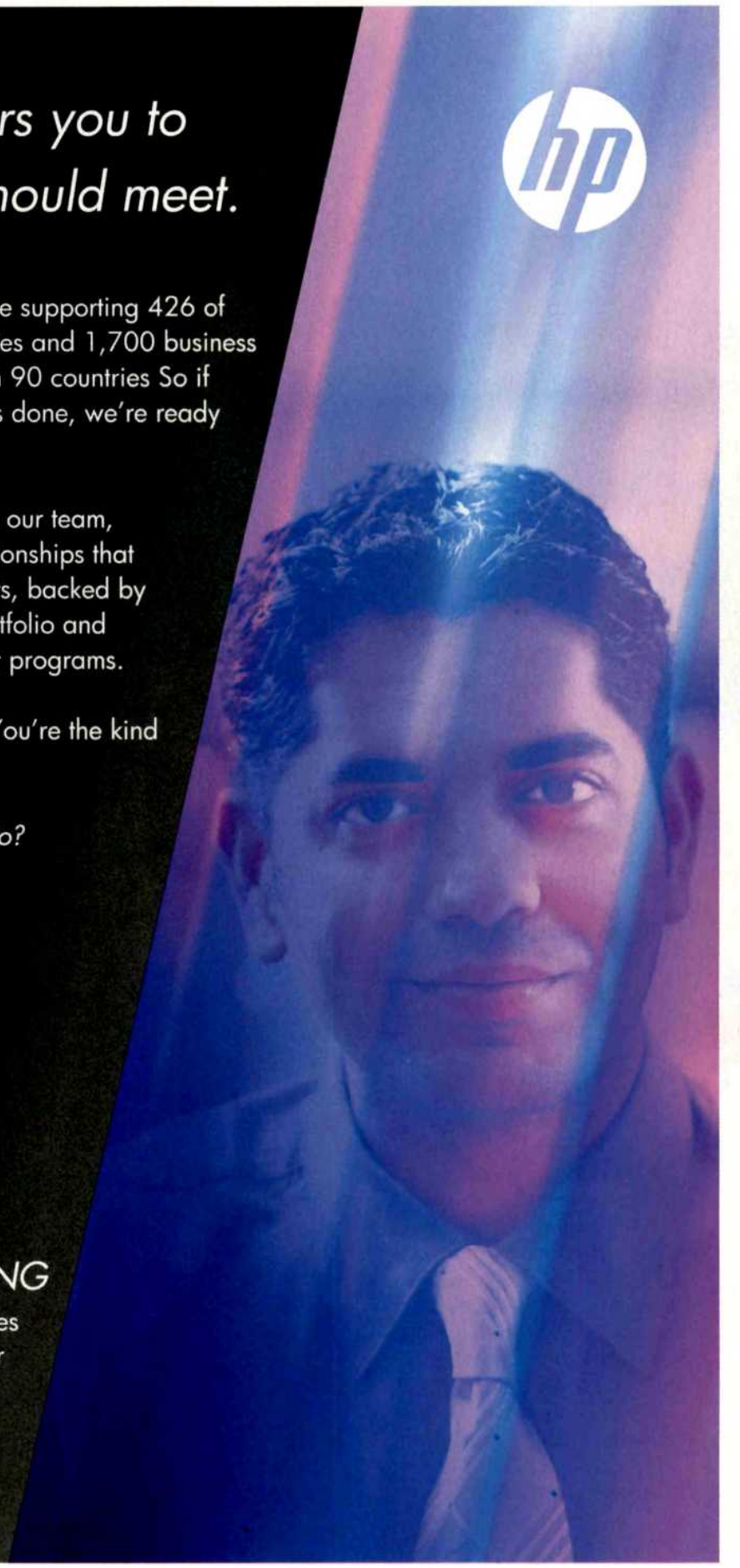

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THE NEW FACE OF IT

The Dragon Rises

China is no longer just a threat on the horizon for Indian IT and BPO firms – it is building scale with clinical efficiency.

A Chinese government-sponsored English class

For centuries, Chengdu in western China was renowned for its silks. Today, many believe the calling card of this teeming metropolis of 11 million will be information technology and business process outsourcing support services. The city on the fertile Sichuan Basin is already home to software factories of Microsoft, IBM and Wipro, besides local biggies such as VanceInfo Technologies and Hisoft.

Next, backed by a government-sponsored English education programme, access to a large pool of engineering and science talent, superior infrastructure and newly introduced federal tax breaks for IT services, Chengdu — and, indeed, several other Chinese cities showing up on the global tech outsourcing map for the first time — is quickly emerging a credible destination for US and European chief information officers looking for companies to which they can outsource IT and BPO services.

Since 2009, China's State Council, the federal cabinet of the world's fastest growing economy, has approved the setting up of 21 cities as models of services outsourcing and backed this with massive upgrades to public infrastructure such as roads, power and housing, besides expanding technical and soft skills training centres. According to several analysts and industry bodies, China has invested close to $600 billion in its

public infrastructure to make cities such as Chengdu more attractive to outsourcers. This investment — in a raft of measures including new expressways and power projects—is targeted at outsourcers tired of dealing with India's insufficient backbone.

While India's tax exemptions for the IT industry remain uncertain, China's Finance Ministry in September announced plans to extend 5 per cent tax exemption until 2013 covering IT and BPO service providers in the 21 cities. New sites of IT vendors receive single-window clearances, with local authorities giving approvals in days, say industry insiders who have first-hand experience working in China.

Among Chinese initiatives catching attention is the Ministry of Commerce's 1,000-100-10 plan, which seeks to establish 10 cities as outsourcing hubs, attract 100 large corporations there and develop 1,000 small and mid-size vendors in the country. Elsewhere, after false starts dating back a decade, China is on a massive English upgrade, making the language compulsory in school. This, together with its some 2.3 million science and engineering graduates annually, comparable to India's numbers, make it a threat to the Indian IT and BPO industry more than ever before, says Praveen Bhadada, engagement manager with Zinnov Consulting, a Bangalore tech researcher.

For now, the numbers don't indicate an immediate threat but that could change quickly. According to analyst firm International Data Corp., or IDC, the China-based offshore software development market reached $2.8 billion in 2009, an expansion of 14.7 per cent over the year before. IDC projects the market to grow to $6.8 billion by 2013 with business originating from European and North American clients, the mainstay of the global and Indian outsourced IT and back office business, expected to compound at 28.4 per cent each year until then. "With the establishment of outsourcing cities, or demo cities, China has become the No. 2 software offshore outsourcing country, next to India," Paul Li, Senior Market Analyst, Software and Services, IDC China wrote in a report in July 2010.

And, there's little Indians can do but watch as China gains from proximity to local clients and North Asian customers, primarily in Japan, the second-largest IT market worldwide. China's share of global outsourcing is barely five per cent, reckons Zinnov's Bhadada, even as India occupies a much larger (over 50 per cent) share in the same market. "However, much of east coast (in China) offers Japanese-speaking skills to tap the market there, something Indian companies have been struggling to do for a decade," he says.

This kind of advantage coupled with the fact that low end software application maintenance work is finding its way to China definitely has some India-centric IT companies worried. "Some of us wrongly assume that China won't be able to usurp India's supremacy in outsourced software services. That's a dangerous assumption. China is beginning to build the same scale in IT services as it did with manufacturing," says Vishnu Dusad, Founder and CEO of Nucleus Software, a mid-tier IT products and services firm.

Already, there are signs that some Chinese vendors are beginning to get a move on. For example, VanceInfo, with quarterly revenues of $52 million, has been rated China's No. 1 software vendor by IDC for three years consecutively. The company plans to grow its headcount to over 20,000 in the next three years. Investors are cheering the prospects of the NYSE-listed company setting its share price at an earnings multiple of over 50 times. Infosys Technologies, in India, has a price-earnings ratio of 28; Tata Consultancy Services is valued 26 times earnings.

And yet, as Partha Iyengar, Vice President and Distinguished Analyst at Gartner, points out, Indian tech service vendors are not standing still. Customers may prefer "dealing with the known devil in India for large contracts rather than wrestle with the unknown in China," he contends. ⊙

Why Indian IT Should Watch Out

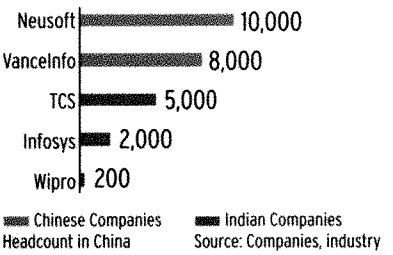
The China Edge

Number of Graduates: **2.3** million

IT Industry Revenues: **$ 7** billion

IT Industry Headcount: **1.2** million

Elephant Lags

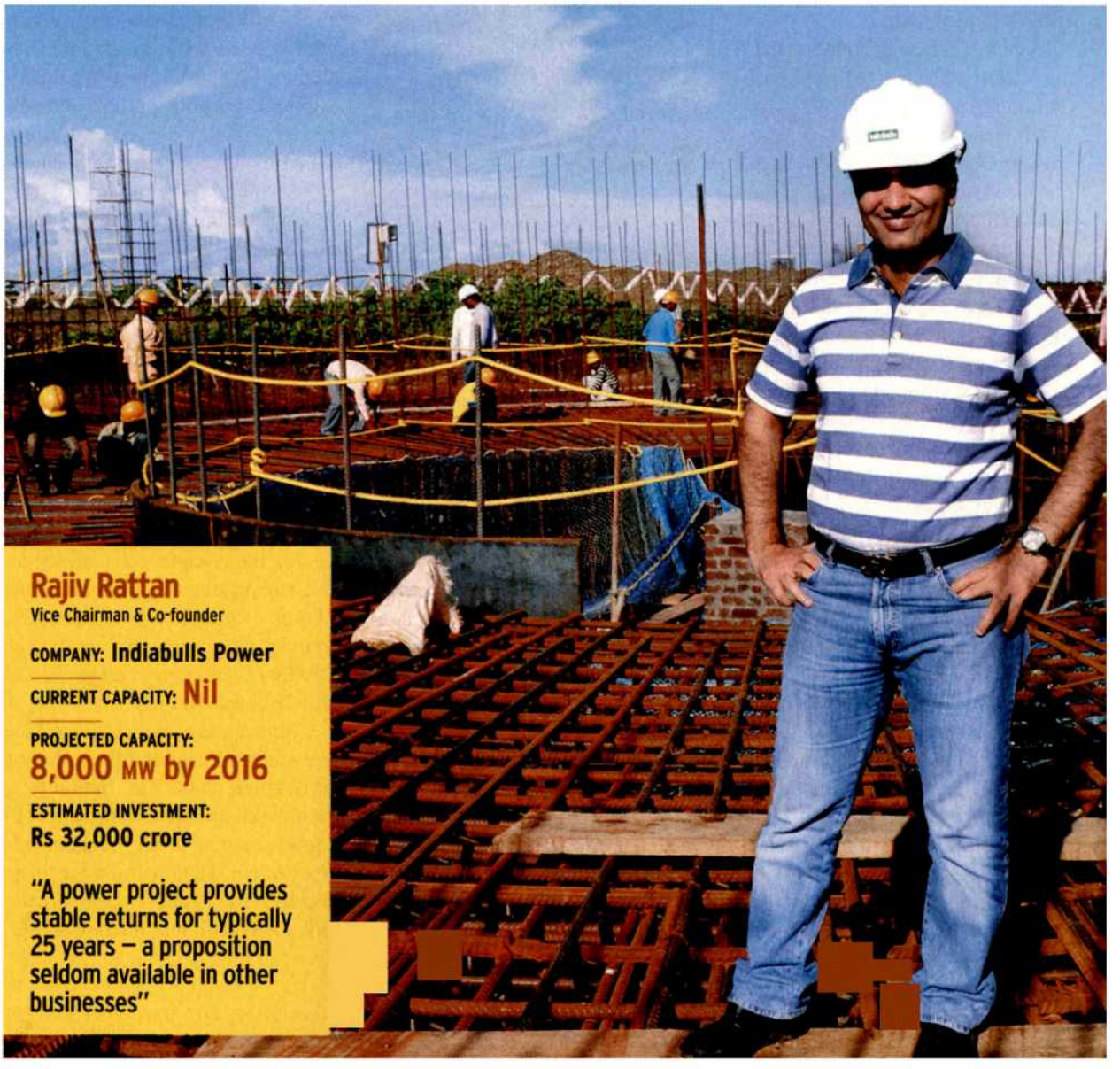


Gaining Ground

- Government-sponsored English-education to provide a large, low-cost employee base
- Large domestic market
- Access to Japanese and Korean markets, where Indian companies have had mixed success
- Rapid infrastructure build up
- Extended tax concession to outsourcers

Power Seekers

A rash of players – old and new, big and small – is chalking out plans to add huge capacities, but not all projects will see the light of day. BY K.R.BALASUBRAMANYAM



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"A power project provides stable returns for typically 25 years – a proposition seldom available in other businesses"

From well head to wall socket — that's the vision the late Dhirubhai Ambani had for Reliance Industries Ltd, or RIL, which he founded as a textiles manufacturer in 1966. In the years and decades that followed, backward integration became the mantra for the patriarch and his two sons, Mukesh and Anil. From textiles, RIL moved to polyester, fibre intermediates, plastic, petrochemicals, petroleum refining and eventually, further upstream, into oil and gas exploration and production. In the process, RIL has become a fully integrated giant along the energy value chain. Well, almost...

Before the brothers Ambani split the group's assets in 2005 amongst themselves, RIL was relentlessly pursuing its vision of grabbing a larger share of the consumer's wallet — by, for instance, selling petrol and diesel as well as providing electricity. The "wall socket" piece of the integrated business came from the acquisition of power utility BSES in 2003, which was subsequently rechristened Reliance Energy. However, when Anil went his own way, he took along with him the power piece, amongst other businesses, by virtue of a settlement that was hammered out between the two brothers. A non-compete clause ensured that neither brother could enter the other's territory.

So when in May this year, the brothers thrashed out a fresh agreement that allowed them to, among other things, compete against each other, the stage was set for Mukesh to piece together the missing bit of the integrated picture. At RIL's 36th annual general meeting in mid-June, the Chairman told shareholders: "We see an unbounded opportunity

UMESH GOSWAMI/www.indiatodayimages.com

Power projects are attracting private equity...

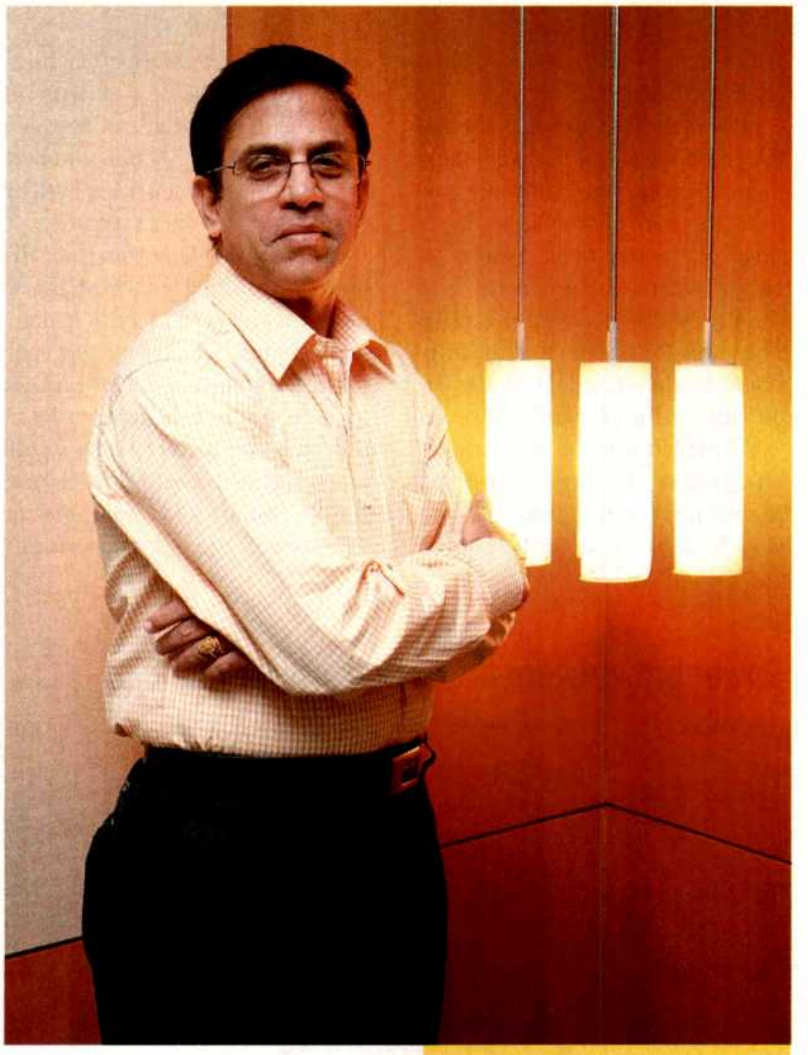
COMPANY	INVESTORS	AMOUNT (Rs crore)	DATE
Asian Genco	General Atlantic, Morgan Stanley, Norwest, Goldman Sachs, Everstone	1,998	Mar. '10
Indiabulls Power	Farallon Capital, LN Mittal India Internet Ventures	1,856	Feb. '08
Tata Power	Olympus Capital	1,410	Jun. '10
Suzlon Energy	Arcapita	1,081	Jul. '08
GMR Energy	Temasek	940	Apr. '10

Source: Venture Intelligence

...and thousands of crores have been raised in the primary markets in the past three years

COMPANY	AMOUNT RAISED (Rs crore)	MONTH OF ISSUE
Reliance Power	11,563	January 2008
KSK Energy Ventures	831	June 2008
Adani Power	3,016	July 2009
NHPC Ltd	6,038	August 2009
Indiabulls Power	1,758	October 2009
JSW Energy	2,700	December 2009
SJVN Ltd	1,063	April 2010

Source: Prime Database



RACHIT GOSWAMI/www.indiatodayimages.com

in this space (energy). We are drawing up specific plans for mega-investment in this sector with clean coal-based power generation projects, hydel projects and also in nuclear power, as and when it is opened up. Reliance is ready to seize the prospect of transforming the Indian electricity landscape."

The Ambanis' penchant for thinking big is reflected in the huge capacities — refining and petrochemicals — they have put up. And it will not be too different in power. Talk within industry circles is that the last date for submission of bids for an ultra mega power project, or UMPP, in Chhattisgarh was postponed three times since May 3 only to facilitate RIL's entry.

Mukesh's trump card could well be D.V. Kapur, the founder chairman of NTPC, India's largest power generator, who has a two-decade-old relationship with the Ambani family; he sits on the RIL Board as an independent director. "Mukesh consults me on the power business and we do discuss these (ventures) in board meetings as well," Kapur says.

V. Raghuraman, an independent director with Suzlon, says: "He (Kapur) is the one who laid a strong foundation for NTPC's growth. He is like a mentor to RIL and provides visionary and strategic inputs for the group's growth." "When RIL does something, they do it big. You can expect big action from Mukesh Ambani in the coming days," adds Raghuraman, who is also a former principal adviser to the Confederation of Indian Industry(CII) on Energy.

Anil, for his part, has his hands full with three UMPPs that add up to 12,000 MW. After raising Rs 11,563 crore from the public via an initial public offering for Reliance Power Ltd, or RPL, the younger Ambani is out to prove that the IPO deserved the hefty premium of Rs 420 it demanded from retail investors. The stock is currently quoting at a 40 per cent discount to its issue price. The venture, which had no operational history at the time of the IPO, aims to create a capacity of 35,000 MW — up from 28,200 MW that was stated at the issue time.

RPL has made substantial progress since then, say company officials. It has commissioned two 300 MW units of a 1,200 MW project in Rosa in Uttar Pradesh, earlier than the scheduled date. "The Sasan UMPP will also come up ahead of schedule," says a confident J.P. Chalasani, CEO, RPL. "We have already completed financial closure for 10,000 MW of projects, the largest by any private sector power company," he adds. RPL,

J.P. Chalasani
Chief Executive Officer

COMPANY: Reliance Power

CURRENT CAPACITY: 1,023 MW

PROJECTED CAPACITY:
35,000 MW by 2020

ESTIMATED INVESTMENT:
Rs 1.36 trillion

"We have already completed financial closure for 10,000 MW of projects, the largest by any private sector power company"

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he declares, will be the largest private sector power company in India by 2020 with at least 35,000 MW of installed capacity.

This isn't just a story about the Ambani brothers coming head to head in the power sector, although that's a tussle worth watching, too — for instance, they are competing for a 1,320 MW thermal project in Gulbarga for which the Karnataka government has begun floating tenders.

Almost everyone in big business in India wants to generate power, and sell it to consumers yearning for it. After all, data from the Central Electricity Authority shows that, between April and July, the country had a peak shortage of 14 per cent or 16,434 MW, while in reality the shortage is said to be twice that figure.

Prasad R. Menon
Managing Director

COMPANY: Tata Power

CURRENT CAPACITY: 3,000 MW

PROJECTED CAPACITY:
25,000 MW by 2017

ESTIMATED INVESTMENT:
Rs 90,000 crore

"We are working to retain our leadership position and that is indeed a challenge...We take up only such projects that are both practical and possible"

A CII and A.T. Kearney study, released in November, says India needs around $250 billion (Rs 11.5 trillion) over eight years. A CLSA report, meanwhile, identifies India's power sector among the fastest-growing in the world, with $50 billion (Rs 2.3 trillion) worth of new capacity due for commissioning over the next three years.

Other than the Ambani brothers, those in line to put up huge generation capacities include established players such as the state-owned giant NTPC, the Tatas, the Ruias of Essar Group, as well as relatively new players such as Indiabulls Power, GVK Power, GMR Energy, Sajjan Jindal's JSW Energy and his younger brother Naveen Jindal's Jindal Steel & Power. There are also quite a few first-tim-

ers, including Moser Baer, and Gautam Thapar's Avantha Group, as well as smaller names such as Action Shoes and the Hyderabad-based Pioneer Distilleries (see *The Outsiders*). In all, *Business Today*'s estimates that some 25 promoters have plans to put up 500 gigawatt (GW) of generating capacity over the next seven to 10 years by investing all of Rs 20 trillion. Even as you read this feature, projects with a capacity of some 63,000 MW are being implemented in various parts of the country.

You don't have to be a soothsayer to predict that all these projects won't see the light of day — some will drown in seas of debt, others will get steamrolled by delays and cost increases, and a few may be rendered uncompetitive because of their prohibitive tariffs. Yet, that's not deterring the ambitious — and the foolhardy — but doubtless it's the plans of established players that appear most realistic. Consider NTPC, the Maharatna public sector undertaking, or PSU, that has an installed capacity of 32,194 MW — or 20 per cent of the country's installed capacity. By 2017, NTPC wants to scale up to 75,000 MW. That's not all. By 2032, it wants to be the world's largest utility with an estimated capacity of 128 GW (1,000 MW make one gigawatt).

B.V.N. Rao
Business Chairman – Energy

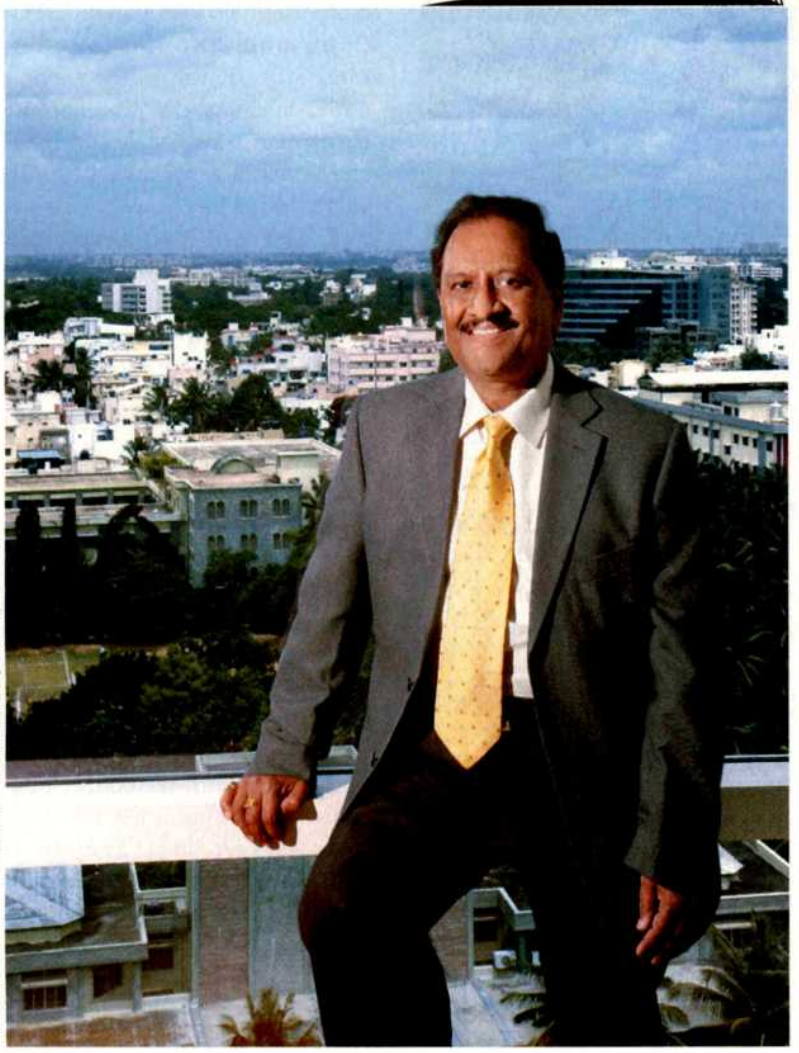
COMPANY: GMR Group

CURRENT CAPACITY: 808 MW

PROJECTED CAPACITY:
10,000 MW by 2016

ESTIMATED INVESTMENT:
Rs 37,000 crore

"GMR would like to position itself amongst the top three utility companies of India with a significant presence in the generation sector"

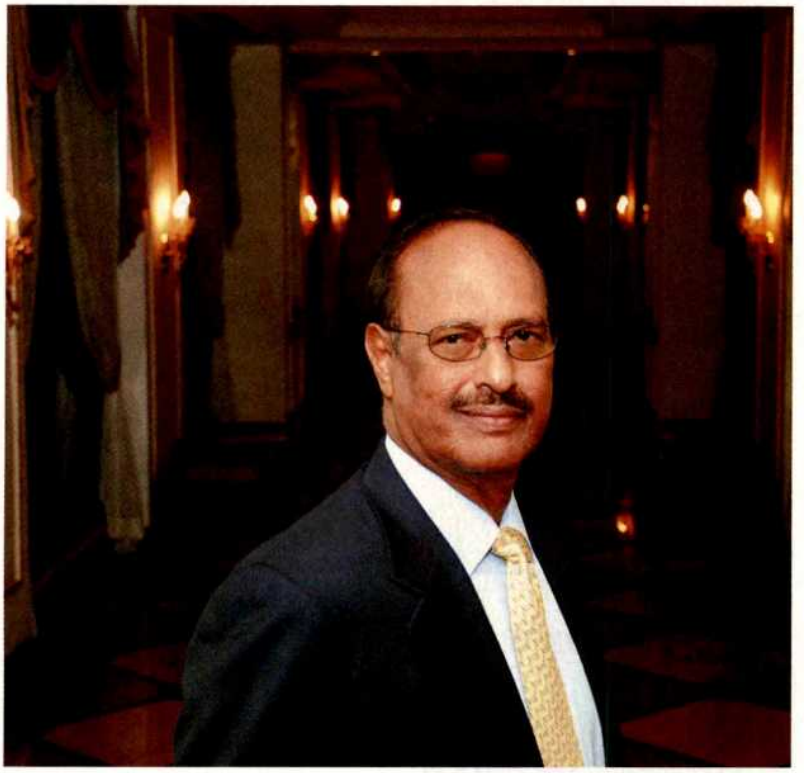


DEEPAK G. PAWAR/www.indiatodayimages.com

NTPC is not just the largest power producer in the country, it's also among the cheapest, providing electricity at Rs 2.27 per unit. "By 2032, we will have 28 per cent of our power generated from non-fossil sources," says R.S. Sharma, till recently the Chairman & Managing Director (he retired on August 31).

Another company with an aggressive expansion programme is Tata Power, the largest player in the private sector with a capacity of 3,000 MW, and which ranks fourth among Tata Group companies in revenue contribution. The Tatas are targeting a capacity of 25,000 MW by 2017. With two projects under way in Mundra and Maithon (in Gujarat and Jharkhand, respectively), Tata Power hopes to hit 10,000 MW in three years. "Some 7,000 MW of projects are in the pipeline. We are also interested in UMPPs that are slated for Chhattisgarh and Orissa," says CEO Prasad R. Menon. "We are working to retain our leadership position and that is indeed a challenge. We take up only such projects that are practical and possible," he adds.

Along the way, he is pushing a green agenda — he wants renewables to form a quarter of Tata Power's installed capacity by 2017; currently it is less than a fifth. "In 10 years,



A. PRABHAKAR RAO

solar power will come close to grid parity in tariffs," predicts Menon.

Energy is also a key focus area for groups building infrastructure like highways and airports. Two such conglomerates based in the south are the Bangalore's GMR Group and Hyderabad's GVK Group. "GMR would like to position itself amongst the top three utility companies of India, with a significant presence in the generation sector," declares B.V.N. Rao, who heads the group's energy vertical. The target: 10,000 MW by 2016, from just 808 MW at present. Last year, GMR acquired two projects — 600 MW in Maharashtra and 1,970 MW in Madhya Pradesh — which are expected to come on stream in two to four years. Power already fetches 45 per cent of the group's revenues, ahead of the airports and highways businesses. "Based on our current programme for capital expenditure, power revenues will continue to be higher than airport revenues for us," says Group CFO A. Subbarao. GMR has four airport projects in its kitty, including those at Hyderabad and Delhi.

G.V.K. Reddy
Chairman
COMPANY: **GVK Power**
CURRENT CAPACITY: **915 MW**
PROJECTED CAPACITY:
10,000 MW by 2016
ESTIMATED INVESTMENT:
Rs 37,000 crore
"Power will contribute substantially to our infrastructure business"

GMR's arch rival, the GVK Group, is targeting 10,000 MW in five years. "Most of our growth will happen during the 12th Plan period (which ends in March, 2017)." Power will continue to contribute substantially to overall revenues of the infrastructure business," says Chairman G.V.K. Reddy. GVK Power and Infrastructure, reports say, is close to raising about Rs 1,300 crore in private equity (PE) to fund its power projects. Reddy confirmed he is raising equity, but did not disclose how much.

Along with infrastructure creators who see power as a logical extension, there are also promoters who believe their competence in real estate can come handy in power projects. "As a group already present in real estate, we have the skills needed to speedily acquire land, which is usually a lengthy process in power projects. The other major attraction is the stable returns power projects provide over a long period that is typically 25 years; that's a proposition seldom available in other businesses," says Rajiv Rattan, Vice Chairman and Co-founder, Indiabulls. He thinks the group's power business may well become bigger than its real estate and financial services ventures within 10 years. Indiabulls Power, which is working on 8,000 MW of capacity, is busy sewing up power purchase agreements (PPAs) with utilities and aims to keep just a quarter of its generation for sale in the open market.

All Turbines Go

Makers of power equipment, meantime, also feel the time is right to integrate forward and begin generating electricity. Engineering major Larsen & Toubro (L&T) has moved into building thermal projects of its own — as opposed to erecting such units for other companies — after setting up a plant to manufacture boilers, turbines & generators (BTG) in Gujarat in a partnership with Mitsubishi Heavy Industries (MHI), Japan. L&T is working on projects totalling 5,000 MW in Chhattisgarh, Punjab and Orissa and hopes to achieve financial closure for another 5,000 MW by 2015. "The power business (including BTG manufacturing, projects and generation) will form a major part of L&T's total

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business, making up a quarter to one-third of our revenues in less than six years," says A.K. Chhatwani, Senior Executive Vice President, L&T. Within the power portfolio, generation is expected to account for half of revenues. Chhatwani, who has been with L&T for 42 years now, is the man who clinched the L&T-Mitsubishi joint venture, in which the Indian company has a 51 per cent stake and Mitsubishi 49 per cent.

Similarly, the Yash Birla Group, whose businesses include power solutions and electrical appliances, is setting up a 660 MW coal-fired plant in Maharashtra as part of its plan to have 2,500 MW thermal capacity in five years. "We have identified the power sector after considering the huge energy deficit and the scanty presence of planned business ventures in this segment," says Birla.

There are also firms that want to set up commercial generation units after having owned captive plants and selling surplus power to the grid. When Sajjan Jindal set up a 260 MW gas-based plant at Bellary a decade ago, it was meant to provide power to his steel mill there. But today it stands tall as a 860 MW giant, bolstering the confidence of the JSW Group in the power business. JSW Energy, which raised Rs 2,700 crore from an IPO last July, wants to generate 14,100 MW by 2015.

Investor appetite for power generating companies is huge. Gautam Thapar's Avantha Group, which owns India's biggest paper maker Ballarpur Industries, is the latest conglomerate that has lined up to tap the primary market. The $4 billion (Rs 18,400 crore) group, with 191 MW of captive capacity, is targeting 4,000 MW capacity by 2014. The Avantha IPO will be the second this year after the Sutlej Jal Vidyut Nigam's. Last year saw offers of four companies — Adani, NHPC, Indiabulls and JSW Energy — fully subscribed.

Private equity is also finding takers. In 2010 till August, close to $1.4 billon (Rs 6,440 crore) had found its way into 15 transactions. Moser Baer recently raised Rs 1,350 crore from Blackstone Advisors. The company, known for its storage media and solar power technology, is aiming for 4,000 MW of thermal capacity in its 5,000 MW energy portfolio by 2016. "Thermal power will dominate the next 20-30 years and that's why we want to be there," says Sushil Bhagat, Group CFO, Moser Baer Projects. Adds Akhil Gupta, Chairman, Blackstone Advisors India: "We typically invest with a view to generating 25 per-

A.K. Chhatwani
Head of Power Development Division

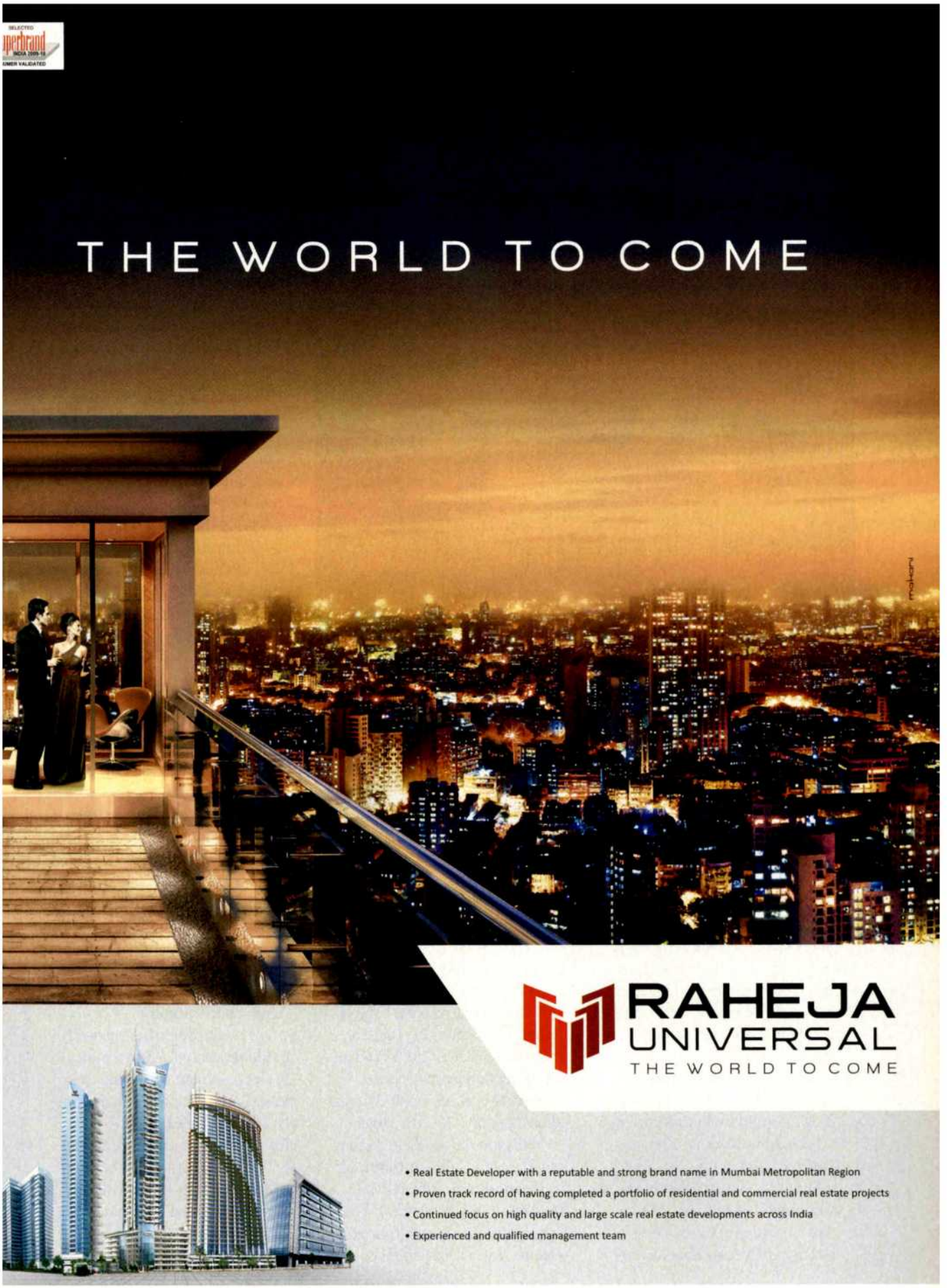
COMPANY: L&T

CURRENT CAPACITY: Nil

PROJECTED CAPACITY:
5,000 MW by 2015

ESTIMATED INVESTMENT:
Rs 20,000 crore

"The power business will make up a quarter to one-third of our revenues in less than 10 years"



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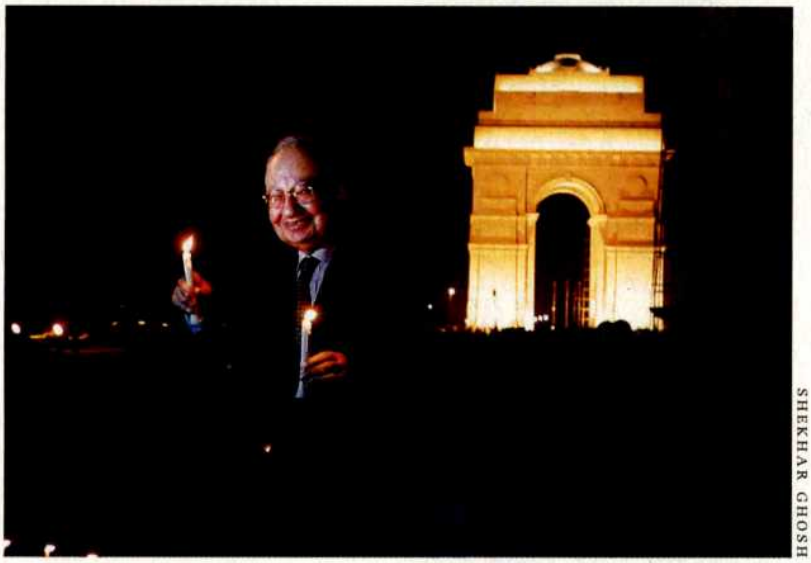
D.V. KAPUR, founder chairman of NTPC and an independent director on RIL Board

"Mukesh consults me on the power business and we do discuss these (ventures) in board meetings as well"



SHEKHAR GHOSH

cent return. Our investment horizon spans 5-7 years, but Indian entrepreneurs primarily need growth capital to scale up their businesses, therefore we may remain invested for an extended period if the situation demands."

Power is where the action is. And if even two-thirds of all the projects on the drawing board pan out, India could be actually looking at a situation of comfort in 5-7 years — after decades of shortages. The good news is that unlike booms and busts in the past — dotcom, real estate, to name just two — the action in the power sector is backed by genuine demand. And once new capacities do come on stream, those focused sharply on producing electricity at the lowest cost possible will be the ones who turn up trumps.

THE OUTSIDERS

The Action Group's flagship company makes footwear. Over the years, the company has diversified into areas ranging from chemicals and steel to real estate and retail. Now, the power sector beckons. The promoters of Action Shoes have signed on to set up a 1,200 MW capacity in Orissa and Chhattisgarh.

Then, there's an alcohol producer who wants to dish out power. The Hyderabad-based Pioneer Distilleries — which Vijay Mallya bought into last fortnight — is beginning with a 100 MW gas-fired plant in Raigadh district of Maharashtra, which it hopes to commission by January 2013. "We are entering the business because we can see the demand.

Patel Engineering's Rupen Patel

UMESH GOSWAMI

Initially, we plan to sell power in the merchant market and later we will go for power-purchase agreements with buyers," says K. Suhan Rao, Managing Director, Pioneer Gas Power Ltd. Elsewhere, an owner of tea estates, the Bagaria Group, has applied for gas allocation for a 200 MW project.

"All kinds of people are entering the sector, with and without experience," says Rupen Patel, Managing Director, Patel Engineering, a Mumbai-based engineering, procurement & construction (EPC) firm. Patel's short point: EPC firms like his might be newcomers in the field of power generation, but they're no strangers to the sector itself. "We have 30 years of experience in building power projects, besides exposure to the technology. Only selling power will be new to us," adds Patel. The company is setting up a 2,650 MW thermal plant at Nagapattinam, Tamil Nadu, and a 143 MW hydel project in Arunachal Pradesh.

L&T is of course the big daddy in the EPC space keen to produce power (see main story), but even lesser-known EPC firms such as the Hyderabad-based SEW Infrastructure and Shriram EPC have trained their sights on the sector. The years ahead will separate the men from the boys — and there are going to be quite a few of both. ⊙

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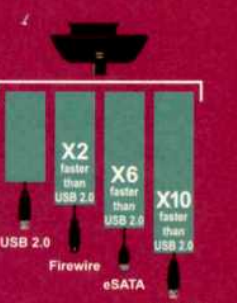

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FARMERS IN THE BOARDROOM

India's first farmer-owned private company gets ready to take its shareholders on board.

BY E.KUMAR SHARMA

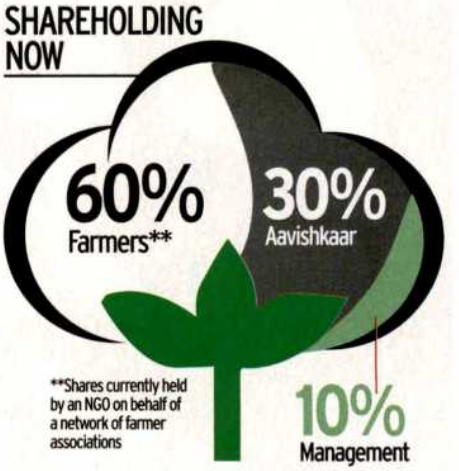
Next year by this time, two farmers with small landholdings will head for the boardroom of what is becoming India's first farmer-owned cotton-marketing company, Zameen Organic. The two, termed marginal because each has less than five acres, will represent 6,000-odd farmers holding a 51 per cent equity stake in Zameen.

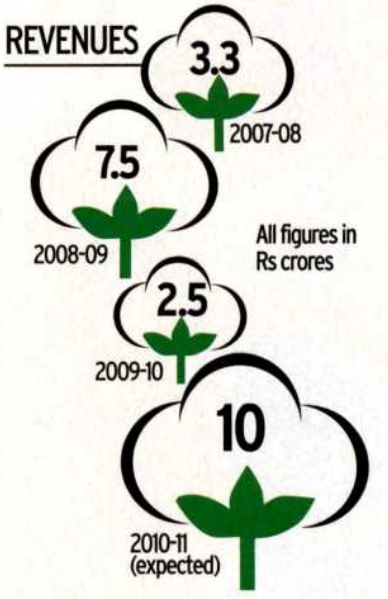
Atul Narania, Zameen's Director & CEO, is busy putting in place a mutual benefit trust or MBT through which the farmers will hold their shares. The farmers, all from Amravati district of Maharashtra and Adilabad in Andhra Pradesh, control 20,000 acres, of which half is already under organic cotton and the rest is being prepared.

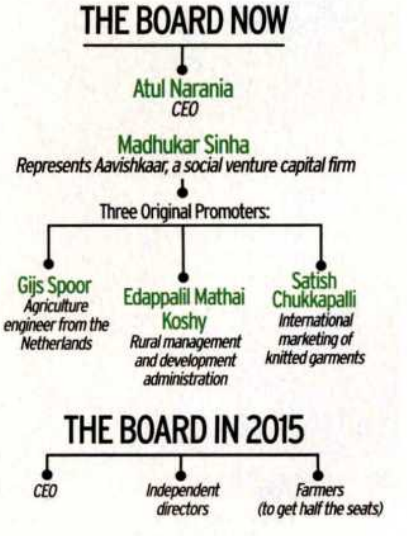
"The farmers have to take more responsibility and ownership at all levels," says Narania, 37, who worked in various big companies for 14 years before joining Zameen. He has also appointed APMAS or the Andhra Pradesh Mahila Abhivruddhi Society, a government-supported body, to assess the leadership and decision-making skills of the 24-odd clusters formed out of the 6,000-odd farmers.

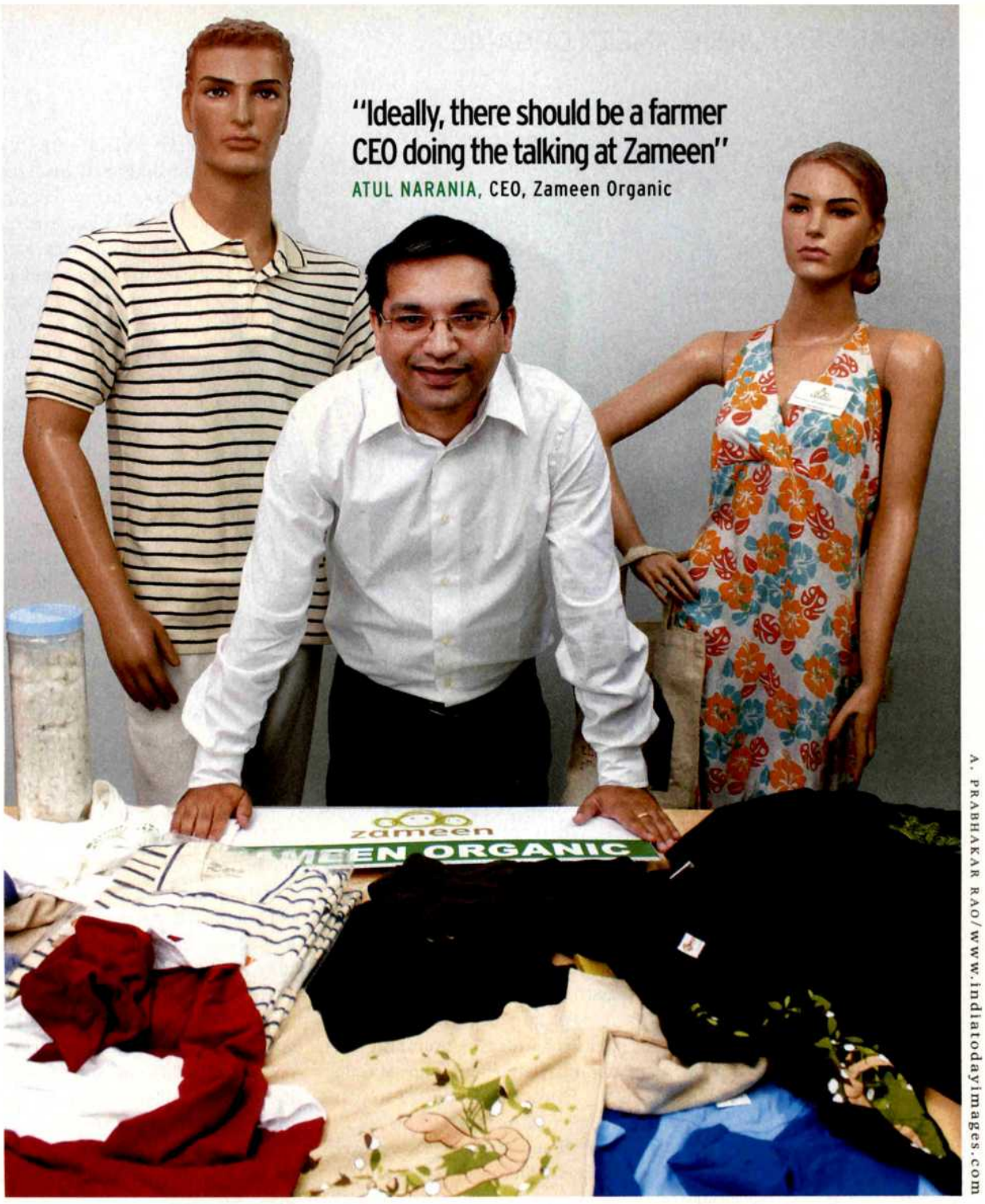
Zameen's initiative to make farmers the owners of a company is not entirely new. Fabindia, which retails traditional handmade crafts and fabrics in big cities, encourages the community-owned company model. The artisans are shareholders in the regional companies that supply Fabindia. Chetna Organic Agriculture Producer Co Ltd, representing nearly 5,500 cotton farmers in three states, is a farmer-owned producer company. This model however requires owners to be primary producers and, typically, individuals get just one vote each irrespective of their stake.

Such hybrids of the cooperative and limited company model face legal limitations on raising capital. As a private limited company, Zameen Organic can raise funds to scale up.









A. PRABHAKAR RAO/www.indiatodayimages.com

It is already getting investors. Aavishkaar, a social venture capital firm, has picked up a 30 per cent stake in it.

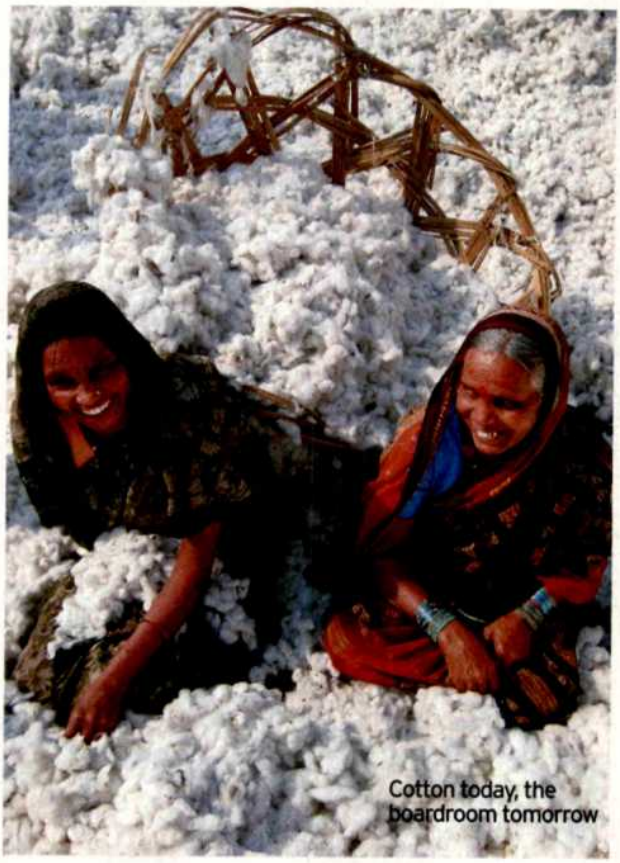
Arun Chandra Ambatipudi, Executive Director of Chetna Organic, agrees that a farmer-owned producer company model may have its problems in terms of being able to raise capital. But then, he says, the supply chain should be robust, with growers committed to supply the company. This, he says, is best possible only in a farmer-owned producer company format.

Zameen's business is a high-risk model since its farmer members will be allowed to sell their cotton to any entity that offers the best price. What they gain by sticking to Zameen is a premium of up to 10 per cent over the price for the genetically-modified Bt cotton grown in the area.

Since its formation in 2007-08, Zameen has paid farmers Rs 1 crore as premium. This includes community development projects apart from the cash down payment for the cotton procured.

Zameen then sells the organic cotton to garment exporters who specialise in eco-friendly textiles meant for the United States and Europe, where customers are ready to pay more for products made the organic way and using fair-trade practices.

"It is a brilliant idea but one only hopes the farmers continue to be major beneficiaries and have a real role in the decision-making process," says Anand Mor, who quit a forex dealer's job to join his father's business, Ecofarms. One of the oldest organic farming entities, Ecofarms began in 1990 with a group of 80 farmers tilling about 100 acres in Maharashtra's Yavatmal district.



Cotton today, the boardroom tomorrow

Zameen says it engages closely with farmers and helps them get a grip on issues beyond the farm. The Agricultural and Organic Farming Group (AOFG), a non-governmental organisation or NGO that promotes fair trade and organic farming, monitors the practices of Zameen's farmers and also trains them.

Says Narania: "Zameen is currently transitioning from a sales representative model (in which representatives or commission agents abroad deal with brands directly) to one in which several stakeholders collaborate to serve specific brands."

Ideally, he says, "There should be a farmer CEO doing the talking at Zameen."

Today, textile mills or garment makers buy cotton from Zameen. Various brands then pay the mills for the final products. Zameen earns a commission on the final sale to the brand as well.

Last year was possibly the worst in Zameen's history. It just could not get enough organic cotton, as its farmers found the market price for cotton too lucrative and Zameen could not afford to match it. While organic cotton finds ready buyers, Bt cotton can't be passed off as the organic variety.

Despite the cash crunch, Zameen paid Rs 32 lakh as premium last year. But its turnover slipped from Rs 7.5 crore in 2008-09 to just Rs 2.5 crore in 2009-10. In 2007-08, its first year, Zameen's turnover had been a little over Rs 3 crore. This year it expects turnover to bounce back, to Rs 10 crore.

Zameen's operations have attracted the likes of Rabobank Foundation, the Dutch agency Cordaid and Aavishkaar India Micro Venture Capital Fund. In 2009, Rabobank and Cordaid together committed fund support of around $525,000 (around Rs 2.4 crore) till 2012-13 to AOFG, the NGO, for helping small and marginal farmers build their skills. As for Aavishkaar, it invested $225,000 in the company in September last year.

The investments were meant to help streamline operations at the farm level and Zameen's front-end, build the value chain, and install process automation as well as a system to track and trace origins of the cotton if end-users wanted to check the "organic" bit.

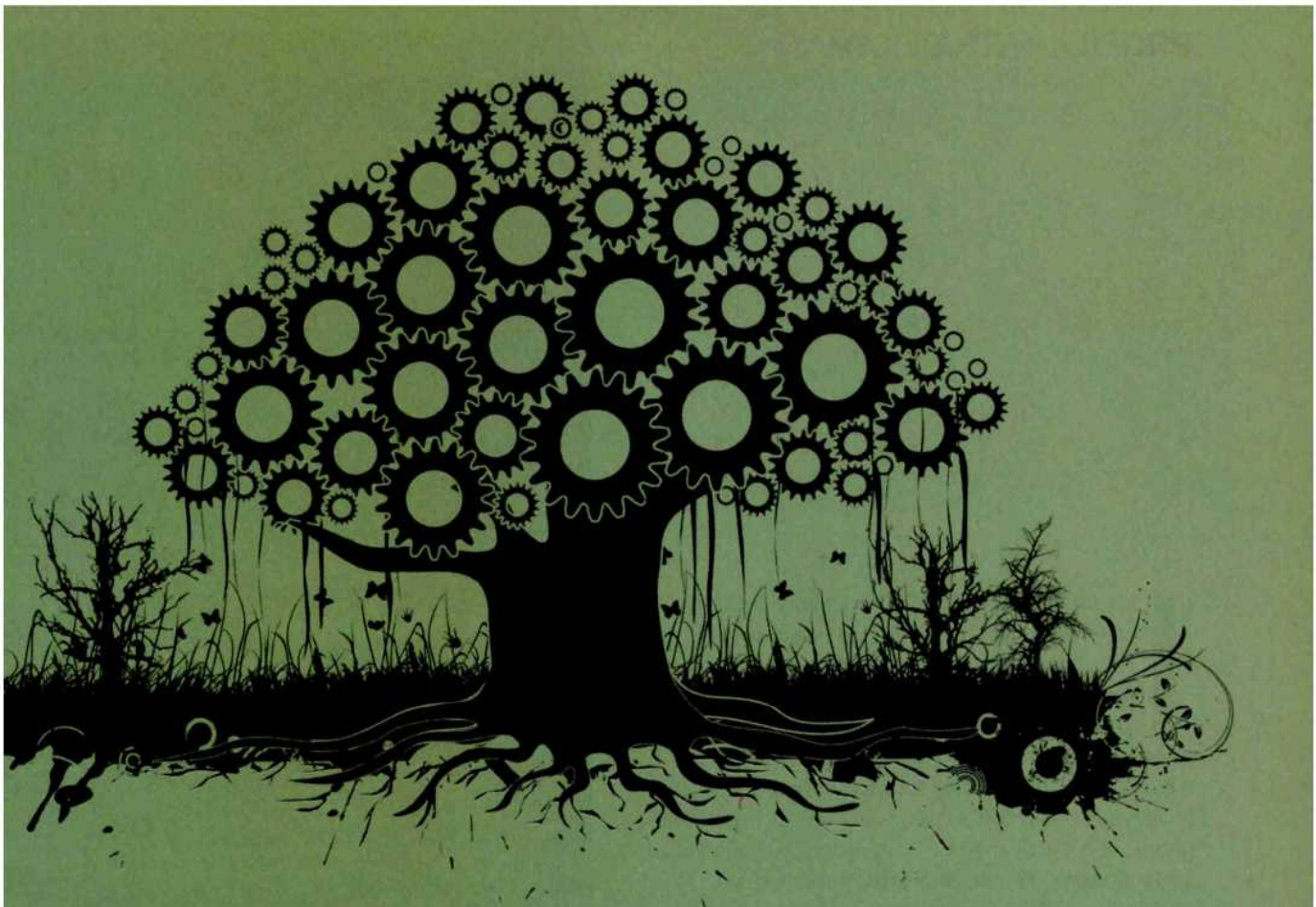
The ownership will entitle farmers dividends that the company decides to pay. The farmers also get the organic premium and gain from community development projects. Aavishkaar is ready to make way for farmers as Zameen Organic grows and starts making profits.

Most importantly, demand for organic cotton has been growing. "We have seen the market pick up since 2006," says Mor of Ecofarms. His company's revenues, for instance, have more than doubled since 2006 to around Rs 50 crore.

However, Mor worries about fly-by-night players, even though the government has taken steps to improve traceability and accountability. "There is still a need for regulatory mechanisms to check unscrupulous elements who could cash in on the demand for organic products," says Mor.

For now, Madhukar Sinha, Senior Investment Manager at Aavishkaar and its representative on the Zameen board, is quite upbeat and hopes to exit in the next four to five years by which time he expects Zameen to have revenues of Rs 75-100 crore.

That's quite a distance for a company initially rolled out by an NGO for 300 farmers in the Deccan Plateau in June 2006. ⊙



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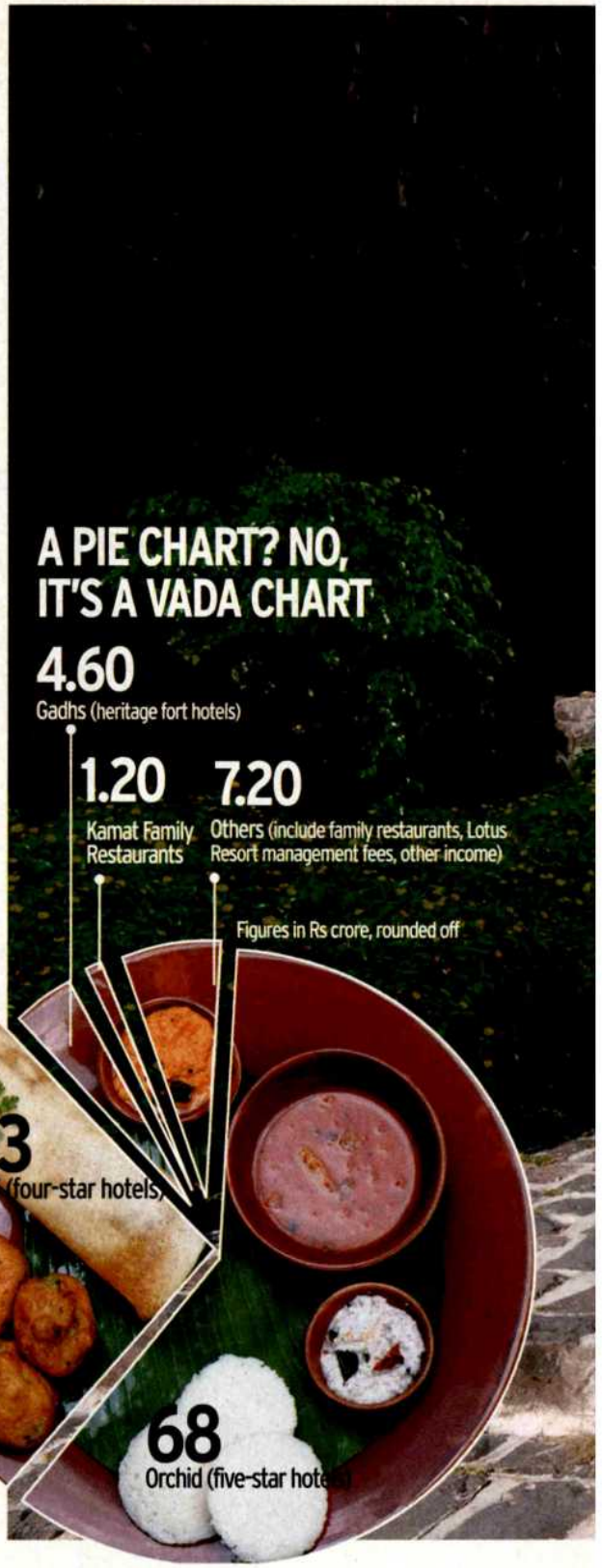
Gears that run the

It is dinner time at Fort Jadhavgadh, Maharashtra's first heritage fort hotel, an hour's drive from Pune. Fifty-eight-year-old Vithal Venkatesh Kamat is flitting from table to table with the nervous energy of an expectant father. He introduces himself to guests with a folded hands *namaskar*, quickly figures out which part of the country they are from, switches languages and simply bowls them over. Like the man himself puts it, only partly in jest: "I can *patao* (charm) a girl in 14 languages." Kamat exhorts the guests to try out the Kamat Vada, which, he tells them proudly, he prepares himself.

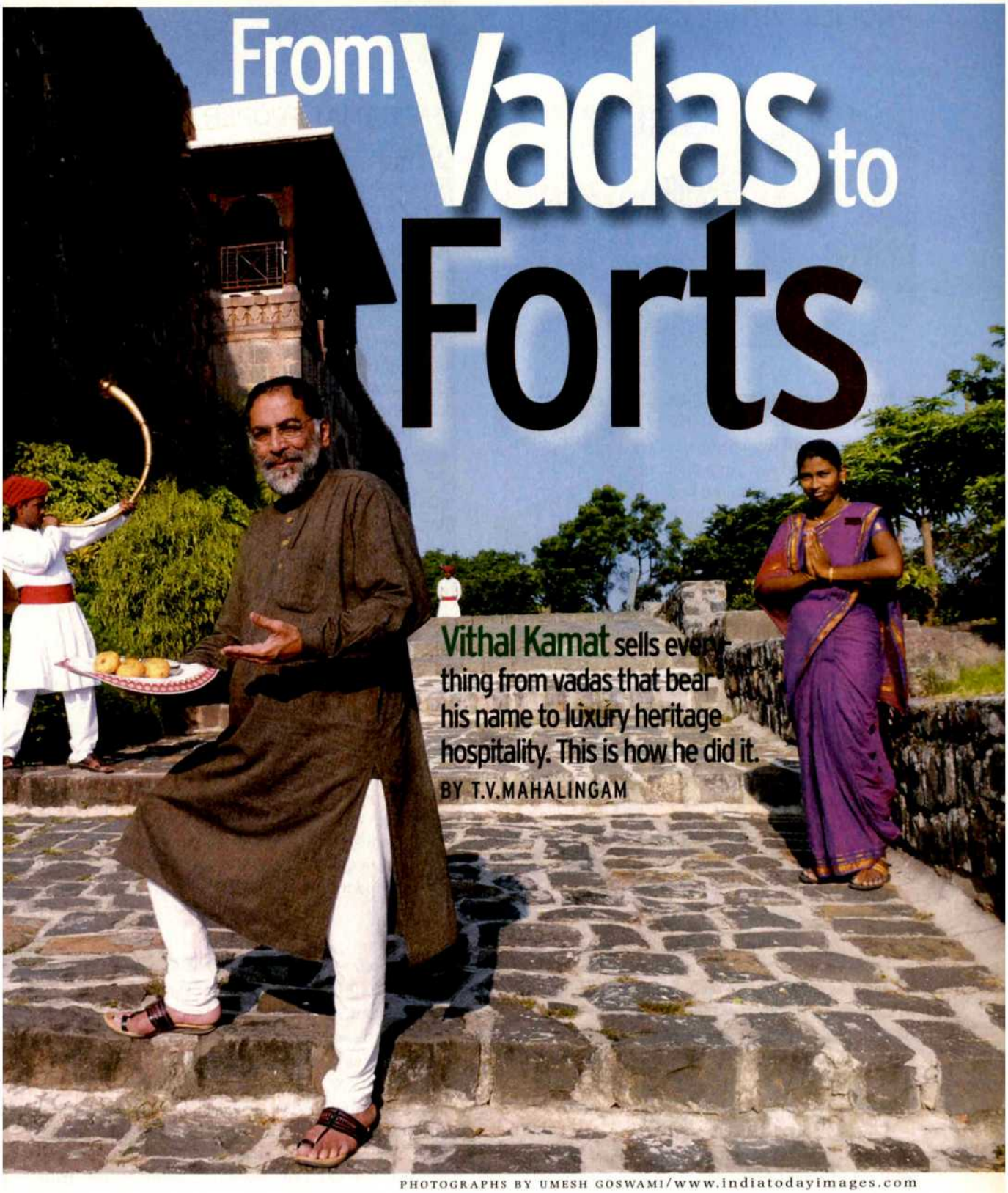
The salt and pepper bearded Kamat is neither a waiter nor a chef, but the man who owns the Kamat Group of Hotels. He, however, has no qualms about his role, which extends from the restaurant floor to the corner room. "A Chairman has to be a good doorman first. The doorman is the first person you see (in a restaurant or a hotel)," he explains.

An hour later, Kamat is nursing a Scotch on the balcony of the 300-year-old fort. "I don't drink normally when I work. Fact is, this is my first drink ever at the fort. Moreover, this (the interview) is not work and look around... the setting is perfect, isn't it," grins Kamat. Yes, it is a perfect night for repose at Jadhavgadh. A cool September breeze is blowing, a fountain gurgles at a distance and Kamat's business is doing well. As business and tourist sentiment picks up, occupancy numbers are looking good at Jadhavgadh, and most other hotels owned by Kamat Hotels (India) Ltd, or KHIL, including Orchid, its flagship five-star ecotel or environment-friendly hotel.

Kamat Hotels' portfolio of hotels and restaurants is spread over 16 properties across five brands: Orchid (five-star hotels), VITS (four-star business hotels), Lotus (luxury resorts), Vithal Kamat Family Restaurants and Gadhs (heritage fort hotels). "One of the positive things about Kamat Hotels is that they have a presence in every category and segment," says Rashesh Shah, an analyst with ICICI Securities, who researches the Kamat Hotels stock. "That diversifies their customer base and protects them from price volatility," explains Shah, who picks out the company among its peers as the really undervalued scrip.



From Vadas to Forts



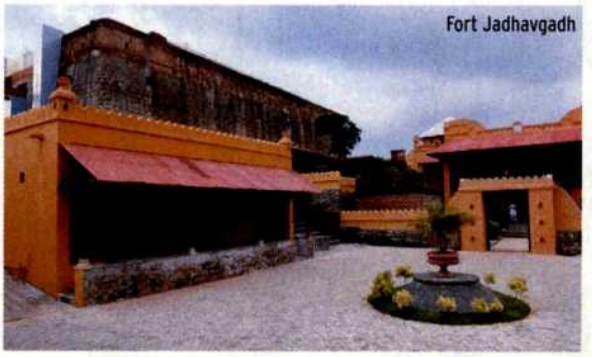
Vithal Kamat sells everything from vadas that bear his name to luxury heritage hospitality. This is how he did it.

BY T.V.MAHALINGAM

PHOTOGRAPHS BY UMESH GOSWAMI/www.indiatodayimages.com

The Kamat Hotels stock is up on market talk that American fund management company Clearwater Capital, which holds about 12 per cent in Kamat Hotels, might increase its stake to 33 per cent (Kamat does not rule out the possibility, but won't comment on specifics).

But things have not always been this cushy for Kamat. And to understand that, one needs to move away from the naturally air-conditioned climes of Jadhavgadh to Kamat's sanctum sanctorum in Mumbai. It's a small dusty room, some 20 feet below ground level of the Kamat Group of Hotels' flagship property, Orchid. "Back in 1996-97, when Orchid was being constructed, I used


Fort Jadhavgadh

to live here," recalls Kamat. Those were tough times for Kamat. His family business of Kamat eateries had split; he had run up a debt of Rs 200 crore; and all he had to show for it was a half-built hotel (Orchid).

VITS Hotel in Mumbai

Yet, this room is where some of Kamat's prized possessions and memories lie: A photograph of the late legendary journalist and Kamat's guru, Behram 'Busybee' Contractor, a framed handwritten letter in Marathi with two Rs 100 notes — it's from an inmate of the Paithan prison (near Aurangabad), thanking Kamat for an inspiring autobiography. "For him to make that Rs 200 would have taken nearly six months of work at the prison, and yet he sent it to me," says a grateful Kamat. The book, *Idli, Vada and Me*, has been translated into a dozen languages and is a bestseller in Marathi and Gujarati.

Kamat restaurant in Pune

It's a racy and candid read that is refreshingly Indian in soul and style. From a martinet father, who believed that a hard slap teaches more than a loving discourse (Kamat hero-worships him), to dancing in roadside cafés in Europe in his salad days to get by; from building the Kamat chain of eateries with his father and brothers to his burning ambition to look beyond the restaurant business (which he partly blames for the subsequent family split); from contemplating suicide to finally opening Orchid in 1997, Kamat airbrushes nothing and that's what makes the book a page-turner.

Since opening Orchid, Asia's first ecotel, Kamat has not paused. Today, Kamat Hotels has revenues of Rs 113 crore — not exactly a Taj or even a Leela in size — but pretty impressive for a company that started largely with one half-built hotel (albeit on prime Mumbai property) and steeped in debt. How has Kamat funded this growth? A one line answer would be: management contracts and long term property leases.

"This is a very capital-intensive industry. Rather than buy properties that are ideal for high-end hospitality, it makes sense for us to focus on building brands (like Orchid, VITS) and take properties on long leases or management contracts," explains Kamat. "Constructing a brand new property is a costly exercise. So is redeveloping an old one. Our expertise is hospitality not construction," adds Kamat. Therefore, most of its 16 up-and-running properties, with the exception of Orchid and VITS Mumbai, are either on long leases or are managed by Kamat Hotels for others. That partly explains why the company has revenues of just Rs 113 crore despite having such a large portfolio.

For its VITS properties, the company prefers to sign

THE KAMAT PROPERTIES

Orchid
The flagship brand of the Kamat Group accounts for 60% of group revenues. Currently, one five-star ecotel is in operation in Mumbai. In the next two years, three more Orchid five-star ecotels will come up in Pune, Puri and Bhubaneswar

VITS
Short for Vithal Kamat's first name, this is a four-star business hotel chain. The group prefers to enter into 20-year management contracts with hotel owners and builders. Currently, there are seven VITS hotels in operation (all in western India). More VITS projects are planned in Orissa and Pune

Lotus
Eight luxury resorts, mostly in western India, and one each in Udaipur and Konark. There are plans to tie these resorts into themes like birdwatching tourism in states like Orissa

Vithal Kamat Family Restaurants
Good old-fashioned family restaurants. Of the 32 currently in operation, 23 are company-owned and operated and six are run by franchisees. There are plans to take the number to 150 within two years

Gadhs
Heritage properties, mostly fort hotels. The Kamat Group signs 60-year-long leases with owners. Three Gadhs have been signed on, another three are being negotiated and two are in operation. The first Gadh, Jadhavgadh, broke even in 18 months

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20-year leases while for the heritage forts, Kamat signs on 60-year-long leases. It took nearly 19 months for the company to renovate Fort Jadhavgadh before it opened its doors to guests in early 2008. Suites in Jadhavgadh cost between Rs 10,000 and Rs 24,000 a night. Kamat says that all weekends till October end are booked. "We have signed on six such heritage properties (mostly on 60-year leases) in Maharashtra and Orissa," adds Kamat, who hopes properties like Jadhavgadh will clock Rs 20 crore in revenues in a few years.

"In the future, we can expect a lot of growth in the Vithal Kamat Family Restaurant model. Given the lower ticket investment required to set up these restaurants (as compared to a four- or five-star hotel), we are hoping to scale up a lot here using the franchisee route," says Kamat's son Vikram, 25, Executive Director of KHIL, who has been a part of the business for the last five years. Currently, the number of such restaurants is 32. In a year and half, Kamat expects them to be around 150.

VIKRAM KAMAT, Executive Director, Kamat Hotels (India) Ltd

"We expect to increase the number of family restaurants from 32 now to 150 in a year and a half"

Analysts like Shah like this model. "Given the fact that the company is a small one, this model ensures that there is no significant capital outlay. It helps the company grow geographically, and build a brand without stretching the balance sheet." People close to Kamat reveal that growth has always been a priority for the man, even in tough times. Apurva Muthalia, Senior Managing Partner with ILFS Investment Managers, has known Kamat for almost 25 years. He even worked with Kamat Hotels, in the project finance division, for a brief while in 1999-2000. "Those were tough times for Kamat," recalls Muthalia. "The company was heavily in debt, and yet Kamat would be looking out for new projects. It's hardly surprising that the company has grown this way," says Muthalia.

And more growth is on the way. By the end of the year, Kamat Hotels would have added 128 rooms to Orchid in Mumbai and another 310 odd rooms at its partially operative VITS and Orchid properties in Pune. Kamat Hotels' expansion comes with a bill — debt of Rs 400 crore, close to four times its annual income. Market watchers, though, are not unduly concerned. "Maybe a year ago, when occupancy levels were down, that was a concern. With more rooms coming in the lucrative Mumbai market, that should not be an issue," says ICICI's Shah. Moreover, the company holds half a dozen properties in places like Baddi in Himachal Pradesh, Amaravati in Maharashtra, Coimbatore in Tamil Nadu, which it plans to parcel and sell to ease the debt burden.

At Jadhavgadh, Kamat breaks into a dance even as he loudly sings *If I were a rich man* and poses for a photograph with a young guest. "Now, she (the guest) will go back and tell everybody what a good time she had at this place and everybody from her colony will come," says Kamat.

"Kamat is a genuine people's person. He is a great marketer, a pioneer. He started Orchid as an ecotel way before it was cool to be environment friendly. He set up restaurants on highways before highway development become such a big thing," says Muthalia. The Jadhavgadh hotel stakes claim as the world's first museum hotel, and has household artefacts that go back 400 years. Kamat's next big plan is to kick-start birdwatching. "India is home to 1,400 bird species in the world. Globally, it's a huge industry ($29 billion just in the United States). I don't see why we can't grow that industry," says Kamat, whose visiting card encloses a basil seed. The idea: even if somebody throws the card away, it could plant a tree. The resorts in Orissa, which have some of the largest number of migratory birds in India, are a means to bootstrap the birdwatching industry in India. Also on Kamat's cards is a clean-up of Lake Chilka in Orissa, the second-largest coastal lagoon in the world.

It looks like this man, who is a fourth degree black belt in karate, who speaks several tongues, who can be spotted with a band of volunteers cleaning up the beaches of Mumbai every year the day after Ganesha idols are immersed at sea, has found himself a new cause. And a new niche to make money. ⊙

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Battleground LAVASA

Is the controversy that has reared its head ahead of an IPO by India's first private-led hill station project genuine or just greenmail? SUMAN LAYAK reports from the ground.

In Mumbai's bumper-to-bumper traffic and jowl-to-jowl commute, the drive on the bridge that arcs over the sea linking western suburbs Bandra and Worli can be a breeze. The builder of the towering bridge, which cheerleaders compare to the Golden Gate in San Francisco, has as stunning a property, if not more, nestled in the Sahyadri range in the Western Ghats — Lavasa, India's first planned hill station.

But as much as a postcard perfect destination Dasve village, the most developed part of Lavasa, is, all is not well at the project that will eventually consume 18 villages. Lavasa Corp., the company building the township and a unit of Ajit Gulabchand-promoted Hindustan Construction Company, or HCC, is in the firing line of social activists, environmentalists and politicians on charges of land grab and flouting

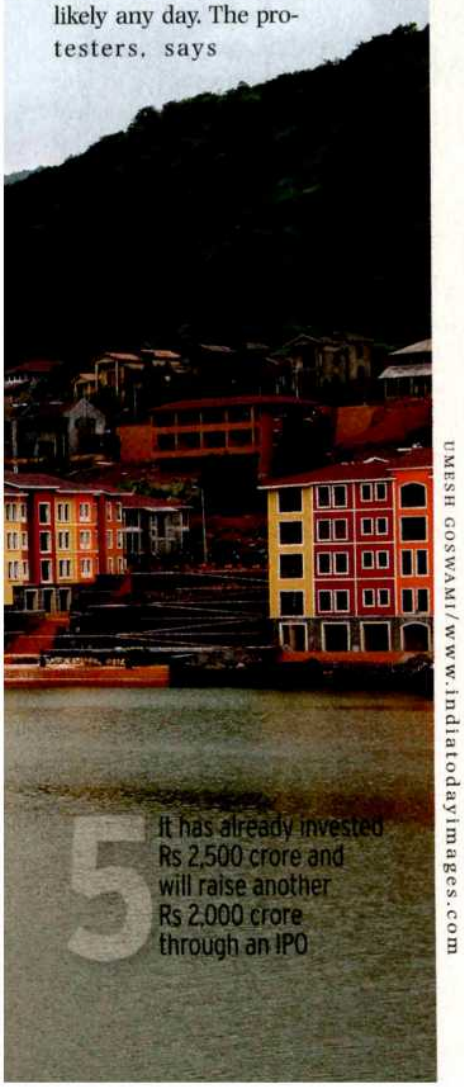
THE STORY SO FAR

1. In 2000 the Maharashtra govt earmarks 23,000 acres in Pune district for the project
2. In 2003-04 HCC becomes the majority shareholder in Lavasa Corp.
3. The company will build a city, comprising four or five towns with three lakh permanent residents by 2021
4. It is offering jobs to all local inhabitants; promises another one lakh jobs to outsiders

environment protection laws.

The charges have been floating around for years now but roared into the limelight this August. Maratha politician and Nationalist Congress Party chief Sharad Pawar took a swipe at Bharatiya Janata Party leaders in the state accusing them of being in league with realtors. The opposition hit back asking questions about Pawar's piece of cheese in Lavasa. Supriya Sule, his daughter and now Member of Parliament, and her husband Sadanand sold a 12.5 per cent stake they held in the project to HCC in 2004 for Rs 16.5 crore.

Lavasa Corp.'s regulatory filing for an initial public offer (IPO) on September 14 to raise Rs 2,000 crore has only fuelled the angst on the ground. The project, which began in 2000, is the target of three public interest lawsuits, with a fourth one likely any day. The protesters, says Scot Wrighton, City Manager for Lavasa Corp., are "repeating lies and by doing so they hope they can make it the truth". Balancing the need of investors to retain control over the city administration to make sure investments are secure and rules that a city be managed by a democratically elected body can be challenging, he admits.



UMESH GOSWAMI/www.indiatodayimages.com

That challenge can be exhausting, especially when faced with Medha Patkar, India's best-known public activist. Her National Alliance of Peoples' Movements, or NAPM, has taken up the cause of affected villagers. What irks NAPM in particular, as also several villagers BT met on a recent trip to Dasve and other villages at Lavasa, is that the Maharashtra government has appointed Lavasa Corp. as the Special Planning Authority, or SPA, of the area. The SPA's planning committee, much like a town planning body, is chaired by Suresh Pendharkar, the chief planner at Lavasa Corp.; he is also the CEO of the authority.

"The company will, of course, seek to maximise its profits, but how did the government allow this? There will be a huge influx of outsiders (estimated at 300,000) in the area and the locals will be reduced to being their servants and *khansamas* (cooks)," says NAPM's S.R. Suniti. The Collector of Pune district has the authority to take action against the SPA if it violates rules of the regional plan of the district, says Pendharkar, but that may be just on paper.

Spokespersons for Lavasa Corp. and HCC told BT that Chairman Gulabchand was not available for comment. He did not respond to phone calls, e-mails and text messages to his mobile phone. HCC controls about two-thirds of the hill developer.

There are several villagers who say they have been victims of land fraud, mostly by land agents and sharks, who have profited by turning over tracts of land to Lavasa Corp. Farmer Dnyaneshwar Shedge, 48, says he has been left out in the cold. "When our land at Daund turned saline and uncultivable, we returned to our village, Mugaon, hoping to cultivate our two acres of land there. We learnt that our land had been transferred to an agent. When we confronted him, he gave us a cheque for Rs 5.8 lakh which bounced," he says. His charge could not be independently verified by BT. Mugaon lies adjacent to Dasve and will be eaten into when a proposed Lavasa Corp. golf course comes up.

Farmer Angst

Raghu Tukaram Watane, 78, a resident of nearby Gadle village, claims that an agent bought his land by getting his minor son to sign property papers. Documents with Watane show him as a joint owner of the property along with Lavasa Corp. and Aniruddha Deshpande, an early promoter of the company. Many such cases have been documented in a 2009 study, *Interim Report of the People's Commission of Inquiry*, by Magsaysay Award winner Arvind Kejriwal; Y.P. Singh, a retired Indian Police Service (IPS) officer-turned-activist; S.M. Mushrif, Mumbai's former Inspector General of Police; and advocate Nirmal Kumar Suryavanshi.

Watane and Shedge were among seven villagers who complained of fraud to BT but there were almost as many — five — who seemed satisfied with the compensation package offered by Lavasa Corp. One among them — Ganpat Bhalerao, 41 — said he and 15 other families in Dasve had been given one-room, kitchen and bathroom cottages. Lavasa Corp. has had to sew up some 1,500 transactions to snap up 9,500 acres — in effect, about six acres each.

Even if the anger is not widespread, it is easy to tap into. Says Balasaheb Ambedkar (grandson of B.R. Ambedkar, the chief architect

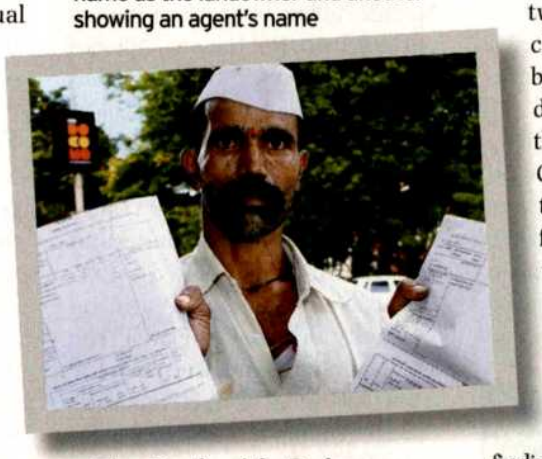
of the Indian Constitution), who heads the political organisation, Bharipa Bahujan Mahasangh: "We have asked the collector to invoke the SC & ST (Prevention of Atrocities) Act in Lavasa to sort out the land issue." He spoke to BT outside the Pune Collector's office, where a group of about 50 people from Lavasa had gathered for a protest.

To be sure, controversies around land deals, especially those involving large companies, are not unusual in India. The most famous in recent years: the October 2008 withdrawal of Tata Motors from Singur, near Kolkata, after an agitation by locals, supported by the opposition Trinamool Congress, stopped construction of a factory there. Several other such protests pockmark the country's industrial landscape — from Haryana to Maharashtra, from Uttar Pradesh to West Bengal — mostly involving governments acquiring land at prices lower than market rates.

Lavasa Corp. executives are certain that they are not in the wrong. President Rajgopal Nogja insists the company has not acquired any land through the fiat of any government or local body. "We have approached people who were listed in the land records and bought from them after negotiations," he says. Villagers say prices zoomed from Rs 10,000 an acre — when the project was first conceived as Pearly Blue Lake Resort in 2000 — to between Rs 5 lakh and Rs 20 lakh now, depending on how close the land is to development. In between, the project was renamed twice: to Lake City Corporation late in 2000 and Lavasa Corp. in 2004.

Other charges, too, have been hurled at Lavasa Corp. In May this year, Singh, the ex-IPS officer, sent a legal notice to the Union Ministry of Environment and Forests asking it to intervene as the project did not have an Environmental Impact Assessment, or EIA, done under the Environment Protection Act 1986. Singh's contention was that the law mandates an EIA study on all projects at a height of 1,000 metres above sea level. The process mandates a public hearing for all affected people. "The project's gate is built at a height of 1,059 metres — you check Google Earth and it shows the height," he says. "This alone makes it mandatory for the project to seek an EIA with open public consultations and meetings. The state government put that height at 975 metres." The ball is in Environment Minister Jairam Ramesh's court now. City Manager Wrighton says most of the project is below the 1,000 metre mark and the gate is ornamental.

Sakharam Shedge, a villager, shows two sets of documents, one with his name as the landowner and another showing an agent's name



The Project is Being Panned by Many...

- Allegations of large-scale intimidation of locals, and also fraud while purchasing land
- Also, it allegedly did not undergo the mandatory environmental impact assessment
- It could divert the Pune water supply to Lavasa leading to crippling shortages in the city

... But Lavasa Corp. Denies the Charges

- Land acquisition above board with full consent of landowners
- The project parameters did not mandate an EIA and all other mandatory approvals were given
- Check dams will actually increase water availability to the Varasgaon Dam feeding Pune

Environmentalists also point to two dams and several smaller check dams Lavasa Corp. has built without consulting people down the Mose Valley who use the water for cultivation. Lavasa Corp., in its defence, says it has taken several steps to ensure a fair deal to the locals, 300 of who it employs. "Eighty five per cent of the people who own land here do not live in Lavasa but have moved to Pune," says Nogja, the company president. "In fact, we are having trouble finding people for the second batch of our training centre course that imparts skills like carpentry."

An environment management programme has periodic reviews built in and aims to raise forests destroyed in the region by planting local plant species. Lavasa Corp. has started a school called the Christel House, part of an American chain for underprivileged children, which is conducting an intensive English language programme for 180 children under eight, at a cost Rs 2.5 lakh a year per child, says Nogja.

Still, the hill station developer and its parent HCC have a task on their hands. Much of the noise around the project, for sure, may be targeted at the Lavasa Corp.'s IPO but some pressures could hold. NAPM's Suniti says Dasve is only one of 18 villages at Lavasa that have been developed. "It will be a battle for every one (of them) from now on," she promises. ⊙

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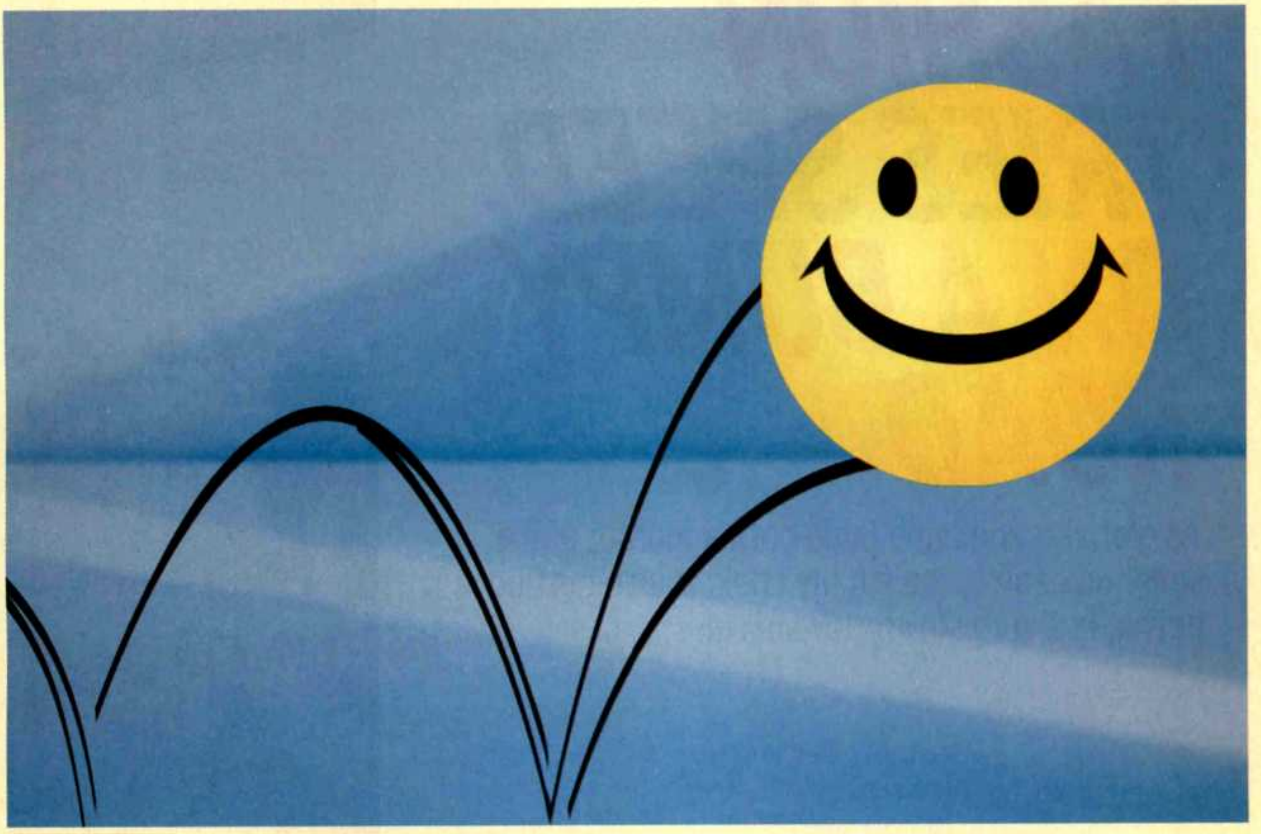

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FASHION TRIES SPEED, ON A BUMPY ROAD

As global brands find India both a market and a sourcing centre, the supply chain is also getting better, but very slowly. BY SHALINI S. DAGAR

VIVAN MEHRA/www.indiatodayimages.com

MANGO, the Spanish fashion chain, thrives on its speed to market

The retail business is as much about what you don't sell as it is about what you sell," says Ram Narayan Iyer, Chief Operating Officer, Madura Garments Lifestyle Retail Co. He is supervising the final touches to the third store of The Collective in India, at the Ambience Mall in New Delhi's Vasant Kunj neighbourhood. The Collective was launched as a retail brand in 2008 in Bangalore aimed at the young industrialist and entrepreneur with a selection of international brands such as Ralph Lauren and Calvin Klein.

As he walks through the store, Iyer says, "If you buy right and buy tight then you do not have to discount either the brands or your own equity." Higher discounts equal lower margins, which is lethal when the investment per store for The Collective can run up to Rs 8 crore. So Iyer tries to squeeze every ounce of efficiency he can from the back-end.

That means scrutinising the entire value chain. "Rather than carrying inventory at different locations, for a multi-brand store like us it is wiser to carry inventory only in one location," he says. The Collective stocks more than 100 brands of apparel and accessories, and Iyer buys four times a year from the fashion capitals. Most of his consignments come from Milan, some from Hong Kong and China, and one from a factory in Bangalore. Aggregation takes place in a Mumbai warehouse.

Iyer prefers to spend on air freight rather than add to capital costs and inventory holding costs. "We are really not concerned where we get the products from. For us time to market has to be as short as possible. Hence, we airlift most of our supplies," he says.

Many global brands, which buy their apparel from manufacturers in India, follow an even more complicated model. So the clothes can sometimes go from India, Bangladesh and Sri Lanka to Europe and the US, get aggregated there and sent back to India. And, right now, this convoluted system is cheaper and more efficient than getting it straight from the factories.

One reason for this, says Ashok Dalal, the CEO of Brandhouse Oviesse, is India's poor physical infrastructure for logistics and the lack of scale for retailers. His com-

FASHION: FAST FACTS

- Organised retail in India is expected to increase from 5% in 2008 to 14-18% of the total retail market and reach $450 billion by 2015
- Driven by the expanding retail market, the third party logistics market is forecast to reach $20 billion by 2011
- Apparel, along with food and grocery, will lead organised retailing in India
- For the fourth time in five years, India ranked as the most attractive destination for retail investment among 30 emerging markets

Source: India Brand Equity Foundation

pany, a venture between S. Kumars Nationwide and Italy's OVS, aims to provide fast fashion to the young at mid-to-premium prices. OVS opened its outlet at the Ambience Mall a few days before The Collective, and plans to have 190 stores within the next five years.

Dalal believes it is more efficient for retailers like him to connect to the global supply chains of foreign brands than to link up with the manufacturers locally. Point to point trucking time in Europe is much less than what it takes in India, he says, and this can shave up to 25 days from the design to store-shelf journey. Since the chain's proposition is fast fashion, such efficiencies dictate its success or failure. Typically, retailers place advance orders and then wait for the cargo to arrive by ship, since air freight is too expensive for normal consignments.

Convenience is also a big reason. Dalal explains, "While we have to spend a few rupees more, we have been saved the murderous task of consolidation." Consolidation as in tracking 6,000 stock-keeping units or SKUS, 150 shipments, invoices, custom duties and two months in transit.

For global brands, sourcing is a critical business. And the ones who have come to India and formed joint ventures are re-thinking their models as they try to balance good margins against customer satisfaction.

One company's challenge is another's opportunity. So DHL Global Forwarding, a division of DHL, the world's largest logistics company, has set up a fashion and apparel centre for excellence at the export hub of Tirupur in Tamil Nadu. DHL's services cover the entire logistics value chain of the fashion industry—from mate-

rial purchasing to sending samples, from quality control to delivering the products directly to the boutiques of fashion companies.

With more premium and luxury brands coming in, logistics providers are allocating larger spaces for fashion and apparel in their multi-purpose warehouses. "There is an incipient demand for sophisticated logistics. And that does not just mean trucking the cargo from one point to another, but clean, secure and air-conditioned warehouses and the likes," says Gagan Seksaria, Associate Director, Transportation and Logistics at KPMG India.

Logistics has moved from mere trucking to sophisticated, secure, temperature- and humidity-controlled warehouses

Yes, warehouses with humidity and temperature control systems. After all, as Juzar Mustan, Chief Executive, Logistics, AFL, says, "You cannot treat an Armani jacket in the same way as a pair of ordinary trousers. Too much moisture can irreparably spoil some of these high value items."

Bangalore-based Gokaldas Exports sends winterwear and formal suits to western markets in containers — with the suits slung on hangers, not stacked. "Such facilities were unthinkable some years ago. Even now they come at a cost," says Rajendra J. Hinduja, Managing Director. Transporting an empty container from a port to the Bangalore facility of Gokaldas costs Rs 50,000-60,000, he points out. "It is cheaper to move cargo from Chennai to Hamburg than it is to move it from Delhi to Chennai," he complains. That is a sample of the now infamous infrastructure deficit which hobbles businesses and exporters in particular.

While logistics service providers consider investments in the better facilities, do the brands that demand such facilities have the volumes needed? AFL's Mustan points out one retailer has a 20,000 sq ft warehouse with it. "We have the capability to scale it up to 60,000 sq ft within weeks, but there is no demand as yet," he says. Also, many domestic fashion retailers do not view logistics as a competitive advantage yet.

Some brands also get discouraged by poor last-mile connectivity. After all, a sophisticated warehouse by itself cannot be a solution, if all other links to the warehouse are sub-optimal.

However, as fashion becomes an imperative and garments get outdated in weeks, some of these moving parts will fall into place naturally. An important signal is that Zara and Forever 21 recently launched in India. Long live economic growth. ⊙

SHEKHAR GHOSH/www.indiatodayimages.com

"It is wiser to carry inventory only in one location"

RAM NARAYAN IYER, COO, Madura Garments Lifestyle Retail Company

Switch On a Sharp Mind... With your daily Coffee!

By: Ishi Khosla, Eminent Clinical Nutritionist & Director; Whole Foods, Delhi.

Coffee, one of the world's most widely consumed beverages, is also known as one of the greatest 'pick-me ups'. Most of us have at some point in our lives reached out for coffee, when feeling tired, low, sleepy or bored. Indeed, nothing can be more stimulating than a good cup of coffee! How coffee does this is worth exploring...

Coffee contains more than 400 different substances including anti-oxidants, minerals and vitamins. What makes it one of the most popular stimulants appears to be its caffeine content. A regular cup of coffee contains approximately 100 mg of caffeine. Of course, the caffeine content varies depending on how strong the coffee is made.

Drink	Serving size (ml)	Caffeine content (mg)
Coffee (drip method)	150	115
Coffee (percolator)	150	80
Instant coffee	150	65
Espresso	30	40
Decaffeinated coffee	150	03

Numerous studies have shown that caffeine helps you stay alert, overcome fatigue and drowsiness and enhance your mood, thus 'switching you on' for the day. It also helps increase short-term memory and improves concentration and reasoning abilities.

So, how does caffeine work? Caffeine increases adrenaline release, a hormone which stimulates the nervous system and increases the state of alertness, literally 'switching on' your brain. This has been reported in studies done on people working during night shifts and driving at night. Improved cognitive performance has been demonstrated in a study done in 2005 in Netherlands under demanding situations like extreme fatigue affecting motor skills[1]. In another study done on effects of coffee and napping in relation to driver alertness, it was concluded that coffee or napping at night significantly reduces driving impairment without altering subsequent sleep[2]. This has important implications, since driver fatigue is a known significant cause of road accidents.

Studies on coffee drinking and cognitive decline in the elderly revealed that coffee helped older people think better, improve their memory and reasoning skills. In 2009, Swedish and Finnish researchers reported that coffee drinkers at midlife had a lower risk of Dementia and Alzheimer's disease later in life compared to those drinking none or only little coffee. The lowest risk was found in people who consumed 3 to 5 cups of coffee per day[3,4]. Another study reported that a higher lifetime coffee consumption in women was significantly associated with better mental performance[5]. All in all, quite a bonus with the pleasure...!

Consumption of 300 mg of caffeine per day or the equivalent of 3-5 cups of soluble coffee is considered moderate consumption for the average person. You can enjoy a cup of coffee after breakfast, one with your morning break, after lunch, and a cup when out with friends or simply while resting at home.

However pregnant and nursing women should limit their caffeine intake to 100 mg, as caffeine can enter breast milk and make a baby wakeful and agitated. People suffering from peptic ulcers should avoid coffee as it may cause irritation.

So, next time you need to concentrate, fight fatigue and drowsiness, remember that a couple of cups of good coffee will not only keep you alert and help you concentrate but also make you feel happier about working late! Go ahead; switch on your mind with your favourite cup of coffee!

McCann/NES/10

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KULDEEP

A cellphone that makes phone calls — and does little else; a portable refrigerator the size of a small cooler; a car that sells for about $2,200 (Rs 100,000). These are some of the results of "frugal engineering," a powerful and ultimately essential approach to developing products and services in emerging markets. To get a handle on what frugal engineering is, it helps to understand what it is not. Frugal engineering is not simply low-cost engineering. It is not a scheme to boost profit margins by squeezing the marrow out of suppliers' bones. It is not simply the latest take on the decades-long focus on cost cutting.

Instead, frugal engineering is an overarching philosophy that enables a true "clean sheet" approach to product development. Cost discipline is an intrinsic part of the process, but rather than simply cutting existing costs, frugal engineering seeks to avoid needless costs in the first place. It recognises that merely removing features from existing products to sell them cheaper in emerging markets is a losing game. That's because emerging market customers have unique needs that usually aren't addressed by mature-market products, and because the cost base of developed world products, even when stripped down, remains too high.

Mature-market customers continue to accept price premiums for new features, leading companies to over-engineer their product lines — at least from the point of view of emerging-market customers. The virtual extinction of manual car windows in the United States is just one example.

Frugal engineering, by contrast, addresses the billions of consumers at the bottom of the pyramid who are quickly moving out of poverty in China, India, Brazil, and other emerging nations. They

The Importance of Frugal Engineering

Providing new goods and services to "bottom of the Pyramid" customers requires a radical rethinking of product development.

BY VIKAS SEHGAL, KEVIN DEHOFF and GANESH PANNEER/ BOOZ & CO.

are enjoying their first taste of modern prosperity, and are shopping for the basics, not for fancy features. According to the late C.K. Prahalad, author of *The Fortune at the Bottom of the Pyramid*, these potential customers, "unserved or underserved by the large organised private sector, including multinational firms," total 4 to 5 billion of the 6.7 billion people on Earth. Although the purchasing power of any of these new consumers as an individual is only a fraction of a consumer's purchasing power in mature markets, in aggregate they represent a market nearly as large as that of the developed world.

However, many may not fully grasp the challenges that competition in emerging markets entails. The prospect of high-volume profit streams may be enticing, but those profits must be earned in the face of lower prices, lower per-unit profits, and stringent cost targets.

In addition, too few companies realise how demanding emerging market customers can be. They don't spend easily, because they don't have much to spend. They require a different set of product features and functions than their developed-world counterparts, but still insist on high quality. Global companies, therefore, must change the way they think about product design and engineering. Simply selling the cheapest products on hand or re-

The central tenet is maximising value to the customer while minimising nonessential costs

using technologies from higher priced products will not cut costs enough and is unlikely to result in the kind of products these new customers will buy.

The central tenet behind every frugal engineering decision is maximising value to the customer while minimising nonessential costs. The term frugal engineering was coined in 2006 by Renault Chief Executive Carlos Ghosn to describe the competency of Indian engineers in developing products like Tata Motors' Nano, the pint-sized, low-cost automobile. Companies such as Suzuki paved the way for the development of low-cost automobiles, but there may be no better example of frugal engineering than the Nano, which will allow millions of people with modest means to drive their own car. The Nano is not — like so many other low-cost vehicles — a stripped-down version of a traditional, more expensive car design.

Even global companies uninterested in the growth offered by the world's lowest-income consumers will have to pay attention to the lessons of frugal engineering: Products developed with this approach are beginning to compete with goods sold in developed countries, a trend that's likely to continue. Deere & Company, for example, designed and sold small, lower-powered tractors in the Indian market, but didn't begin selling such models in the US until an Indian company, Mahindra & Mahindra, beat them to it. Mahindra & Mahindra has proven an able competitor to Deere in larger tractors as well. General Electric (GE), on the other hand, has been more proactive; for example, it has sold a revolutionary new low-cost handheld ultrasound scanner in developed markets by incorporating frugal engineering lessons learned in its Indian medical research and development lab. A low-cost GE electrocardiogram machine, developed at the same Indian lab for the local markets, is now being sold in the United States and Europe as well.

It is unlikely Western designers would have challenged the architecture of two-blade wipers. India's auto rickshaws have a single blade. Now, so does the Nano

Understanding the Customer

The ultimate goal of frugal engineering couldn't be more basic: to provide the essential functions people need — a way to wash clothes, keep food cold, get to work —at a price they can afford. Critical attention to low cost is always accompanied by a commitment to maximising customer value. The Tata Nano development team's decision not to include a radio on the standard model wasn't a simple move to avoid cost. The team understood that the typical Nano customer places far more value on extra storage space. Using what normally would be the radio slot for storage not only avoided a major cost, but also added value for the customer.

The Nokia 1100 cellphone is another example. Experience has shown that when low-income people in just about any country begin to enjoy a bit of economic prosperity, one of their first purchases is a cellphone. Many new cellphone customers in emerging markets are agricultural workers who spend their days outdoors. When Nokia developers watched field-workers using mobile phones in India, they noticed that the intense humidity made the phones slick and hard to hold or dial. So the phone was built with a non-slip silicon coating on its keypad and sides. The handset was also designed to resist damage from dust that is common in arid climates and some factory environments. The phones are otherwise basic: they can send and receive phone calls and text messages. The screens are monochrome. Because the phones lack fancy software, the power draw is smaller, so they can operate longer between charges. The only real extra is a tiny, energy-efficient flashlight that's proven popular in areas where power blackouts are common — in other words, in most rural villages and many emerging-market cities. At a price of $15 to $20 or Rs 690 to Rs 920, the Nokia 1100 is the best-selling cellphone ever.

Refrigerators provide another good example. Customers at the bottom of the pyramid can't afford traditional energy-sucking, compressor-driven refrigerators, not even the "small" floor models a Western business might have installed under the office credenza to keep drinks cold.

Rather than cut costs out of a bigger refrigerator, India's Godrej Appliances started with a clean sheet, closely observing the occupants of village huts. Most Indians, they noted, go to the grocery every day. They don't buy in bulk. A refrigerator that could hold just a few items would be plenty. So Godrej produced the ChotuKool, which translates into "Little Cool" in English.

The top-opening fridge measures 1.5 feet tall by 2 feet wide (roughly 46 by 61 centimeters) and has a capacity of only six litres. It has no compressor, instead using a cooling chip and fan similar to those that keep desktop computers from overheating. It can run on a battery during the power outages that are inevitable in rural villages. And since rural Indians change residences frequently, the ChotuKool also comes with a handle, making it easier to transport. By keeping the number of parts down to around 20 instead of the 200-plus used in conventional refrigerators, Godrej keeps the price low, too, at about $55 or Rs 2,500.

"ChotuKool" is 1.5 feet tall and 2 feet wide and has a capacity of only six litres. It has no compressor — instead, it uses a cooling chip and fan similar to desktops

The frugal engineering approach is not limited to consumer products. Zhongxing Medical, a small medical devices company in China, developed an X-ray machine with a price tag one-twentieth that of the typical X-ray machines made by foreign companies. To achieve this, Zhongxing, a subsidiary of Beijing Aerospace, made a trade-off: Rather than engineer the machine to accommodate the wide range of sophisticated scans common in Western hospitals, the company focused on a machine that could perform only the most routine chest scans, which represent the vast majority of scans. By understanding the fundamental needs of its target hospitals — hospitals that cannot afford a conventionally priced X-ray machine but still hope to serve a majority of patients — Zhongxing has captured about 50 per cent of the Chinese X-ray market.

Bottom-up Innovation

Typically, when a well-established automaker designs and builds an inexpensive car, the company's thinking is biased by decades of practices and procedures, and by its relationships with employees, customers, and suppliers. The approach reuses existing designs and relies on existing components. In essence, these companies start with a more expensive car and focus on ways to make it cheaper. That may count as a form of cost cutting, but it is not frugal engineering.

In contrast, when Tata Motors engineers began creating the Nano, they were inspired more by the three-wheeled vehicles known in India as auto-rickshaws than by any existing car models in Tata Motors' lineup. Building up from the bare minimum enabled the engineers to achieve their cost (and price) targets without compromising the essential functions of the car. If instead the Tata Nano had been designed on the platform of the-then cheapest Tata car, it would have been twice the price.

Consider the conventional approach: Decades' worth of engineering value is built into even the least expensive of today's automobiles. Components, right down to the steel used, have steadily become more sophisticated, and often more expensive. The cost base, the design thinking, the very idea of what makes an automobile — all combine into a set of structural costs that simply go unquestioned. Reversing course is difficult, and few want to try. For example, if you asked Western designers to come up with a low-cost wiper system for cars, it's unlikely they would challenge the fundamental architecture of two-blade wipers. But it would be cheaper to place one blade in the centre that sweeps from end to end. India's auto-rickshaws have a single blade. Now, so does the Nano.

To achieve the drastically lower prices that emerging markets require, companies must be open to rethinking all aspects of the product. The Nano uses not only just one wiper, but also just one sideview mirror, and the seats are not adjustable. Making these sorts of radical decisions is a form of innovation. Such choices are answers to questions that too few global companies are asking.

Organisational Agility

Frugal engineering requires that companies be open to organisational innovation, as well. Three areas are particularly important.

1. Cross-functional teams. The Tata Nano was

developed by a team of 500 mostly young engineers, significantly smaller than the teams of 800-plus typically employed by Western automakers. In fact, a team for a new platform like the Nano at a US or European car company would likely total more than 1,000. To make sure that the project got the attention it required, Tata created a separate unit, isolated from the rest of the company. In addition to its compact size, the Nano engineering team had another advantage over traditional engineering groups: It worked cross-functionally with other teams to maximise the chances of finding ways to keep costs low. When a legacy automaker like General Motors launches a car, its marketing group might be five times the size of the Nano's marketing team, which totalled three people.

The computer chip that replaced the compressor in Godrej's low-cost refrigerator represented such a radical move that it likely would not have made it to the final product had the development group started with the standard operating procedures of the refrigerator industry. The procurement team instead raced to identify a low-cost component supplier while the manufacturing team quickly re-engineered the assembly line to handle chips instead of compressors.

Why would that kind of agility be difficult for a Western company? Typically, the more mature an organisation, the more rigid the functional silos. There tends to be little coordination between functions without an explicit effort from top management, which must either create a new structure for the team or use brute force to encourage communication. That is happening more often, but it's still more the exception than the rule.

In mature industries, companies are optimised for their main customers. For emerging markets, a different organisational approach is required, both within and outside the organisation.

2. A non-traditional supply chain. When reducing costs, most companies focus on getting better prices from their suppliers. The problem with this approach is that the reductions can go only so far; cut too deep, and the suppliers' margins are eliminated. Frugal engineering instead treats the suppliers as an extension of the enterprise. Such a lean manufacturing approach is not new, of course. But frugal engineering pushes the concept further, by demanding new levels of cost transparency, and by requiring that suppliers grant genuine authority to their representatives on the core product team.

At the same time, suppliers step up and become more involved in development projects. Traditionally, original equipment manufacturers (OEMs) dictate their requirements to suppliers; the suppliers ask few questions and compete on price. In frugal engineering, the game is different. OEMs and suppliers team up to set cost targets and a cost structure. Rather than focus on individual components, they work together to optimise entire systems. For example, the Nano uses a simple motorcycle-style speedometer and forgoes a tachometer in the instrument cluster, but it includes a digital odometer. The costs saved on one were spent on the other, avoiding an analog odometer and a tachometer that few customers would use. By cooperating on developing the whole system, the supplier and Tata created a more appealing instrument cluster while still meeting the target cost.

3. Top-down support. Nothing is more important to frugal engineering than commitment from the top — and not just from suppliers. The best examples of frugal engineering were championed by company founders. Ratan Tata, chairman of Tata, said, "I will design a car for $2,200. Period." The same happened at Mahindra & Mahindra, when Anand Mahindra, the managing director, publicly backed the cost control plans of Pawan Goenka, the company's automotive chief. Mahindra's personal support proved essential to keeping costs low. A new automobile platform in the US might cost anywhere from $700 million to $1 billion. Mahindra's Scorpio SUV was developed at a cost of $150 million. The car may lack the sophistication and status of other makers' luxury models. But it's right for its market. ⊙

Vikas Sehgal
vikas.sehgal@booz.com
is a partner in Booz & Company's global engineered products and services team based in Chicago. He specialises in emerging markets strategy, product strategy, engineering globalisation and policy formation.

Kevin Dehoff
kevin.dehoff@booz.com
is a partner in Booz & Company in Florham Park, N. J., and is the global leader of the firm's innovation business. He has spent more than 15 years helping clients drive growth and improve performance through innovation.

Ganesh Panneer
ganesh.panneer.@booz.com
is a Booz & Company senior associate based in Chicago. He specialises in emerging markets product strategy and innovation for clients in the automotive and industrial sectors.

320,400 and Counting...

That's the number of jobs created over the past three months, with health care, hospitality and real estate leading the pack.

Cautious optimism returning to the economy has spurred action on the ground, going by the number of new jobs being created. The organised sector is estimated to have created nearly 320,400 jobs between July and September 2010, according to a survey by international HR service provider Ma Foi Randstad.

"The high gross domestic product and index of industrial production growth at the macro level, growth in the stock market and core infrastructural sectors, and a rise in foreign investments are the key drivers aiding job growth," says E. Balaji, Director and President, Ma Foi Randstad.

The charge was led by the health care, hospitality, real estate and construction sectors, which have created over 170,000 jobs in the last three months (July-September).

Over the longer period of six months (April-September), too, the health care sector registered the highest increase in employment — 140,800, followed by hospitality, and real estate and construction, at 93,400 and 84,200, respectively.

Balaji attributes the rise in jobs in the health care sector to increasing lifestyle disorders, and a rising focus on wellness and preventive health care. India's top hospital chains such as Fortis and Apollo are planning to increase their bed capacity as well as open branches in several cities. Smaller players, keen to take advantage of the demand in urban and rural areas, are also boosting employment.

The frenetic activity dovetails with bright prospects for the industry in India, which is projected to more than double to $77 billion (Rs 3.5 trillion) by 2012, from $35 billion (Rs 1.6 trillion) at present.

Meanwhile, for the hospitality sector, the survey attributes growth of jobs to government policies and a rise in domestic and inbound traffic.

"There has always been a chronic shortage of people in hospitality, but the announcement of an investment-linked tax deduction on capex in the Union Budget, an increase in allocation across schemes for infrastructure as well as road development have given a big boost to the sector," adds Balaji.

The growth in real estate is being linked to higher disposable incomes, new project launches and price appreciation in land. The real estate and construction sector has also reported the highest growth in terms of number of people employed, and it expects the maximum appreciation in average salaries at four per cent, followed by pharma (3.5 per cent) and health care (3.4 per cent) in the third quarter.

Health care, hospitality, real estate and construction, information technology and IT-enabled services and education, training and consulting have been the top five job creators during the last six months, creating 575,000 jobs, according to the survey.

The survey expects the firms to continue hiring aggressively over the next two quarters if the economy sustains its growth. ⊙

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Sales Executive
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Rockwell Collins (India) Enterprises Private Limited
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EMC Corporation
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Location: Bangalore
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Honeywell India Software Operation Pvt Ltd
Project Manager
Location: Pune
Job ID: 8620627
Description: 9+ years of experience in Lump sum Turnkey Project Management involving implementation of DCS / PLC / Field Instrumentation solutions for Process and Utility industries.

Airvana India
R&D Module Lead/Lead - SIT Enginee
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ACS, Inc.
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Job ID: 8427029
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Syntel Inc
Trainee-Finance
Location: Pune
Job ID: 8608530
Description: The job profile will involve Financial Analysis of various financial and investment products and instruments. Candidate must have knowledge of Capital markets / Mutual funds.

AVAYA
General Accountant
Location: Pune
Job ID: 8710691
Description: He/She will be a part of Country Controller's GL Accounting Team & will participate in monthly book closure activity which includes preparation and passing of Month End Journal s etc.

Sapient
Financial Controller
Location: Bangalore
Job ID: 8687957
Description: Aspirant must have exp. with Hedge Fund Administrators/Investment Banks/Big 4 Public Accounting firms; preparation of financial statement, NAV calculation, Fund Accounting.

Gati Ltd
Head- Finance and Accounts
Location: Delhi
Job ID: 8710876
Description: CA must have exposure to commercial transactions, knowledge on high sea sales; should be abreast with the business trends/market opportunities.

Capgemini Business Services (India) Ltd
Operations Manager -Accounting
Location: Bangalore
Job ID: 8710323
Description: The candidate should have good experience working in entire General Accounting process; experience working on a French Accounting Process; Excellent Communication skills.

JSW Steel Ltd
General Manager Plant Accounts
Location: Mumbai
Job ID: 8689926
Description: Role: Creating proactive MIS structure on cost structure across plants; Review of Statutory Regulatory compliances at Plant Locations; Facilitate smooth statutory audit at Plants etc.

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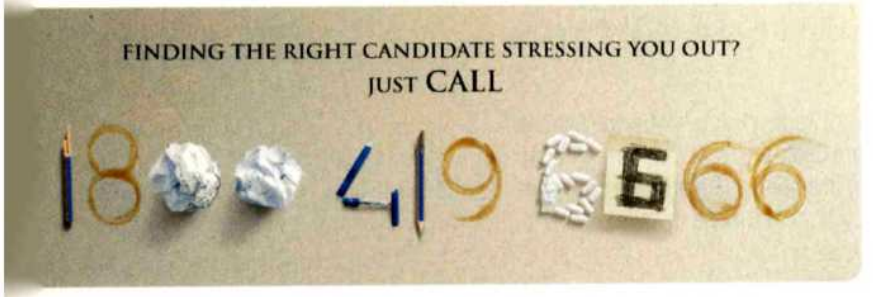

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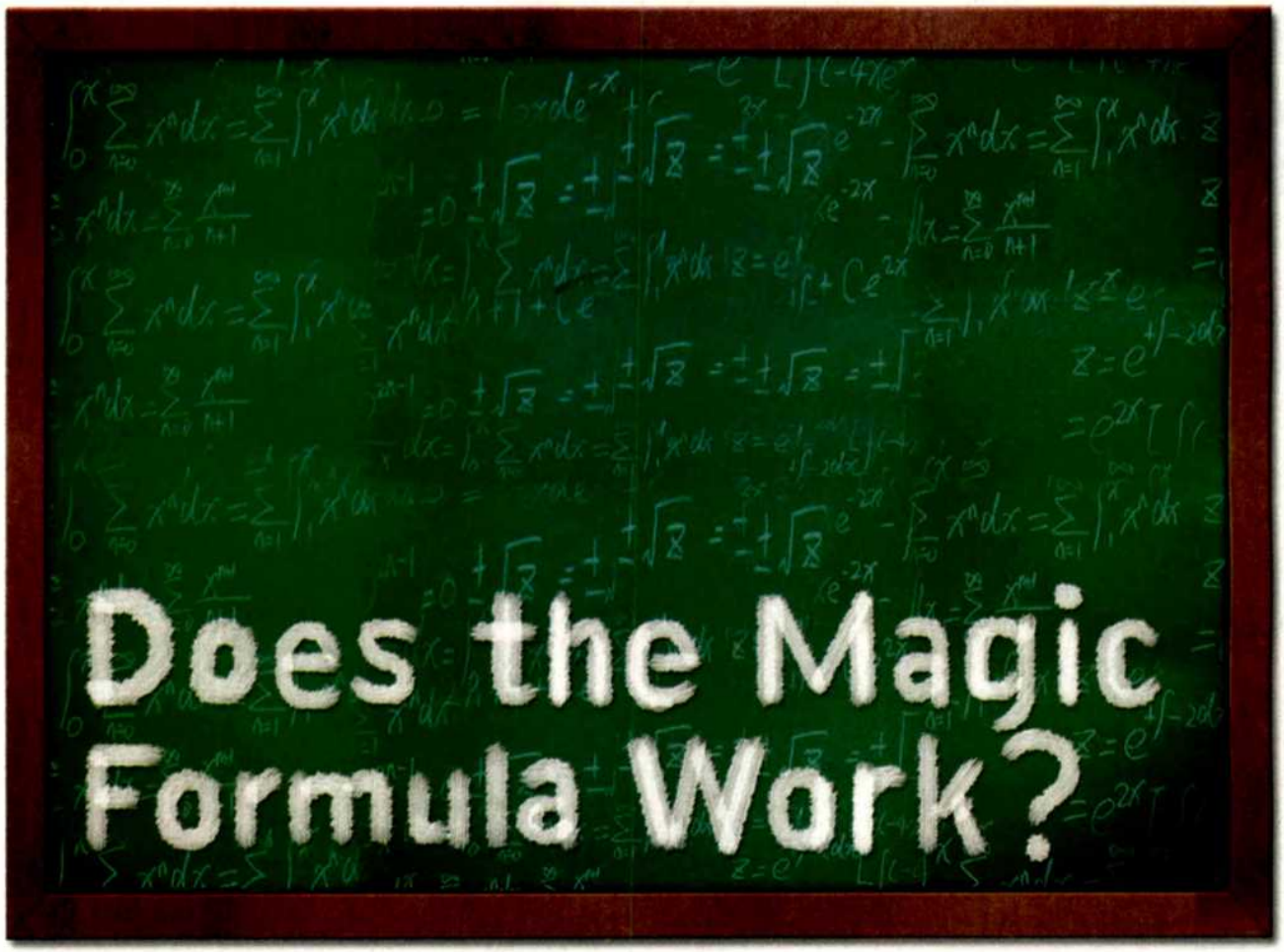

Does the Magic Formula Work?

SAMEER BHARDWAJ checks if celebrity investors' strategies for picking stocks are applicable to amateurs. He finds that Joel Greenblatt's approach works.

How does one select a good stock? One way to make a good selection is to track successful investors, but are their methods relevant for amateurs? We test the advice of some investment gurus and analyse whether it works for you.

Let us consider "the magic formula" of Joel Greenblatt. In *The Little Book that Beats the Market*, Greenblatt talks of a simple way to beat the market using only two fundamental variables — return on capital (ROC) and earnings yield (EY).

ROC measures the money a company makes with its assets and is calculated by dividing the firm's net earnings by its total assets. But Greenblatt derives it by dividing the profit before interest and tax (PBIT) by the tangible capital employed. He uses PBIT to avoid distortions related to variance in capital structures and tax rates. The tangible capital employed is taken as it is a better measure of the capital required to run a business than the total assets.

EY is calculated by taking the inverse price-earnings, or P-E, ratio, but Greenblatt does so by dividing PBIT by the enterprise value (EV). EV gives the cost of acquiring a business and is derived by adding the market value of equity and that

A graduate of the University of Pennsylvania's Wharton School, **Greenblatt** founded Gotham Capital, a New York-based hedge fund. He has been teaching investing as an adjunct professor at Columbia University's B-school for over a decade

of debt. Inverse P-E ratio isn't used as it does not account for the debt component.

The companies are separately ranked by descending order of ROC and EY. The two rankings are combined and those with the lowest ranks are the superior stocks. But, according to Greenblatt, it does not apply to small-cap stocks, financial companies and utilities, owing to the difference in their capital structures compared with other firms.

To test the formula, we used 2008-09 figures to select firms and compared their performance with the BSE-200 between March 31, 2009, and June 30, 2010. The companies with a market capitalisation of over Rs 1,000 crore and a positive PBIT, EV and tangible capital employed were chosen. After removing utilities and financial companies (excluding banks), we had 561 firms. On comparing their performances with BSE-200, we found that 69 of the firms had outperformed the index.

We selected the top 20 companies on the basis of the combined rank and found that the portfolio had an annualised return of 161 per cent against the 72.1 per cent by the index, and none of the companies had lost money. The formula seemed to be working. For a robust study, we repeated the exercise for 2007-08, comparing the portfolio performance with that of the index between March 2008 and June 2010. The annualised return was 22.3 per cent while the index's was seven per cent. Three stocks lost money and 17 profited.

So Greenblatt's strategy does work well for long-term investors (the holding period should last at least a year). As the guru asserts, the formula may not help beat the market every year, but it does unfold its magic over a longer duration. ⊙

Courtesy: *Money Today*

The Magic Formula

The top 20 stocks chosen using Joel Greenblatt's formula consistently outperformed the BSE-200 index

KULDEEP

The Chosen Ones

The top companies are ranked on the basis of the lowest combined rank of return on capital (RoC) and earnings yield (EY)

2008-09

COMPANY	RoC	EY	STOCK RETURN (%)	EXCESS RETURN (%)
Sandur Manganese & Iron Ores	1.20	1.50	127.98	**55.88**
Tata Sponge Iron	0.53	2.43	117.78	**45.67**
Oil Country Tubular	0.69	0.66	133.23	**61.13**
EID Parry (India)	0.61	0.54	130.62	**58.51**
Mangalam Cement	0.44	0.99	122.66	**50.55**
Voltamp Transformers	0.64	0.50	127.22	**55.11**
Indian Metals & Ferro Alloys	0.48	0.58	220.76	**148.65**
Balmer Lawrie & Company	0.41	1.18	119.53	**47.42**
Selan Exploration Technology	0.59	0.47	145.22	**73.12**
Ahluwalia Contracts (India)	0.42	0.57	340.34	**268.23**

2009-10

COMPANY	RoC	EY	STOCK RETURN (%)	EXCESS RETURN (%)
Jolly Board	0.67	0.45	-3.21	**N.A.**
Mangalam Cement	0.47	0.46	-7.10	**N.A.**
Navin Fluorine Intl.	0.41	0.53	-4.98	**N.A.**
Seamec	0.41	0.53	-13.08	**N.A.**
Hyderabad Industries	0.44	0.29	25.87	**23.66**
Oil Country Tubular	0.55	0.23	4.51	**2.30**
Apar Industries	0.33	0.48	14.94	**12.73**
Gandhi Special Tubes	0.36	0.28	10.88	**8.67**
ABC Bearings	0.35	0.28	20.03	**17.82**
Surana Corporation	0.30	0.37	26.14	**23.93**

Excess return equals stock return minus BSE 200 return; BSE 200 returned 72.1%
Annualised returns between March 31, 2009 and June 30, 2010

Should You Invest in Gold?

With the highly-valued metal breaching Rs 19,000 in the domestic market, it is time to rejig your investment portfolio. BY TANVI VARMA

ANAND SINHA

With the price of gold touching Rs 19,220 per 10 gram, the precious metal just got a little further out of reach. It has had an unabated run since the global financial crisis. High global debt levels, inflation and the strong performance of gold compared with other asset classes have persuaded investors to take to the metal in a big way.

There has also been an increasing awareness of gold's role in portfolio management, considering its low volatility and lack of correlation with other asset classes. For instance, its correlation with the BSE Sensex is 0.04, or next to nil. In the last three years, gold has returned 27 per cent on an annualised basis compared with the six per cent delivered by the BSE Sensex. According to Ruchir Parekh, Fund Manager with AIG World Gold Fund, the surge in the demand for gold, particularly for investment, in the last couple of years has sent prices soaring.

The numbers alone tell the story. If we look at global data for the second quarter of 2010, the demand for gold rose by 36 per cent to 1,050 tonnes. This was largely due to investments, which more than doubled to 534.4 tonnes compared with 245.4 tonnes in the second quarter of 2009. The maximum growth came through Exchange Traded Funds, or ETFs, which grew 414 per cent to 291.3 tonnes. The demand in India, so far, has been very similar to the global pattern, largely in the form of investments through ETFs and purchase of bars and coins from banks, says Parekh.

Moreover, despite the high price, jewellery consumption in India rose 291 per cent to 147.5 tonnes in the first quarter of 2010. However, "a low base of comparison partly explains this statistic," says Will Shum, Senior Research Analyst at Fundsupermart.com.

In the coming days, the demand from emerging markets such as India and China will determine prices. According to Parekh, strong economic growth and the festival season will accelerate demand for gold in these markets.

In the last couple of years, the demand for this valuable metal has remained stagnant at about 3,500 tonnes per annum, while the global supply is approximately 2,500 tonnes. With not many mines being discovered in the past few years and central banks not selling, the demand-supply dynamic is expected to remain favourable for gold prices. In fact, central banks have been buying gold to diversify their reserve holding away from the dollar. Gold's negative correlation with the dollar makes it an effective hedge against currency fluctuations. Although gold prices have been moving in tandem with the dollar in the recent rally, analysts say it could be a temporary diversion. Parekh is negative on the

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prospects for the dollar due to high unemployment rates and quantitative easing in the United States economy. To rectify its balance sheet, the US government will have to consider debasing its currency, which only makes gold more valuable, says Parekh.

Currently, in New York, gold options for December are being traded at around $1,500 per troy ounce (equivalent to Rs 22,030 per 10 gram), which shows the expectation of demand for the precious metal. In June, prices rose above $1,250 per troy oz as investors remained concerned about the European bailout package and the fate of its economy. If continuing fears of a European debt crisis or a double-dip recession hold up, the probability of gold prices surpassing $1,300 per troy oz cannot be ruled out, says Shum. A price of $1,150 per troy oz, a correction of 10 per cent from current levels, could be a good entry point for short-term investors, he adds.

Should you invest in gold at the current level? Gold has repeatedly proven its worth as an investment. Take the recent subprime crisis, October 2007 to March 2009, when gold delivered 16 per cent compared to a negative 59 per cent delivered by the MSCI (Morgan Stanley Capital International) World Index. The same is true even for the dotcom bust of March 2000 to October 2002, when gold delivered 14 per cent compared to the negative 51 per cent returned by the MSCI World Index.

In uncertain times like now, investors are recommended to hedge their portfolios making some allocation for gold, says Parekh. Analysts typically recommend an allocation of 10-15 per cent for gold in a portfolio. However, with the price of gold at $1,255 per troy oz, the expected return may not be attractive even if we assume the price will hit the bullish forecast of $1,450 per troy oz in one year, says Shum.

"If you are willing to take on more risk, then equity funds that invest in gold mining companies could be a better bet," says Parekh. These companies are dependent on gold as the underlying asset and the price rise reflects in their bottom line, he adds. These funds have outperformed gold as well as the Indian markets by a significant margin in the past year (see *The Fund Way*). In fact, these stocks share a 90 per cent correlation with the price of gold, but the beta of the stock is 2-3 times that of gold. But such investments will have to be channelised through global funds as there are no listed companies in India offering such an investment.

However, the interest in gold as investment might start waning if the US Federal Reserve raises interest rates. This will lead to investors embracing the dollar again. So, keep your eyes skinned for the Fed's policy moves.

Of course, a US rate hike is not likely to happen in the near future, considering the recovering economy. Earnings for most countries have seen a good growth, while in several markets, such as India and China, it has been at record highs this year and many others (Hong Kong, US) are likely to see record high earnings in 2011 or 2012. Once risk tolerance increases, investors could reconsider gold's fundamentals and look for riskier assets such as equities. This could also eventually hold the gold rally. ⊙

Courtesy: *Money Today*

Hitting a High

The Fund Way

Gold funds have outperformed gold ETFs and the broader market

SCHEME	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS
GOLD ETFs	6.56	2.66	11.20	20.78	27.43
AIG World Gold Fund (G)	12.42	7.05	18.84	29.33	–
DSPML World Gold Fund	8.10	9.10	17.44	27.89	–
Sensex	0.59	7.04	7.18	18.33	5.72

Returns in per cent as on Sept. 3, '10 Source: Valueresearchonline

KULDEEP

User-Fee Programs

Kushan Mitra thinks consumers could soon be renting software instead of buying it.

A few days ago your columnist spent a good part of his working day uninstalling various programs from his office computer. Many of the programs had not been used in over a year. Rummage through your home or office computer and you will also likely find tens of pieces of software that you hardly ever use, and some possibly you use only once. Such software critically blights your computer's performance and keeps the hardware industry happy because you have to constantly upgrade your machine.

While much of this "bloatware" is easy to remove, other pieces of software might not be. Take Microsoft Office, for example. Even if you use Word regularly, you might never open PowerPoint, or Excel. That might be fine at office, because your company would have bought a bulk licence from Microsoft, but at home it makes little sense because even with reduced prices, software such as Microsoft Office can be quite expensive. What most people in India end up doing, therefore, is buying pirated copies — which can end up damaging their computer.

But what if you could just "rent" software to use when you want it. No piracy, because the software you are renting is legal. The idea seems nice and is quite viable thanks to broadband Internet connections and the fact that computing can be shared at both the server end and the user's computer. We recently met Sachin Duggal, Founder and Managing Director of a start-up called Nivio, which is trying to seed the concept. While "renting" software is a lot cheaper than buying it, he reckons that software companies pummelled by the high incidence of piracy would still take to the idea and consumers would see the user benefit in getting legal, kosher pieces of software at affordable prices.

How does this work? The software downloads via a high-speed Internet connection and installs on your computer — not all of it though. Part of the software will still remain on servers and processing will be shared by both the user's computer and the service provider's servers, allowing even older computers to run more advanced programs. Duggal foresees a monthly-use billing system. So if you use the software even once a month, you get billed for it, though he did concede that "pay per use" billing could be looked at later on.

Of course, renting software might not make sense to everyone. An advertising professional will still need to buy Adobe Premiere, though an amateur film maker who wants to make a professional quality movie could possibly rent the software instead of depending on a pirated DVD he picked up at a seedy alley in Delhi's Nehru Place. The user scenarios are endless.

But even if it is not for everyone, software-on-rent could bring the costs of software down for a great majority. And by reducing piracy, software companies will find a new stream of revenues from users who previously did not buy legal software. And, it could also make your computer perform better by reducing the amount of software on it.

Will this make a difference to your life? According to Nivio, they are on the verge of launching this 'software for rent' model alongside Indian Internet service providers such as Airtel, though pricing details are yet to be sorted out. Owning software is not like owning a house, it is not an "asset". We believe software rental is the future. ⊙

HOW IT WORKS

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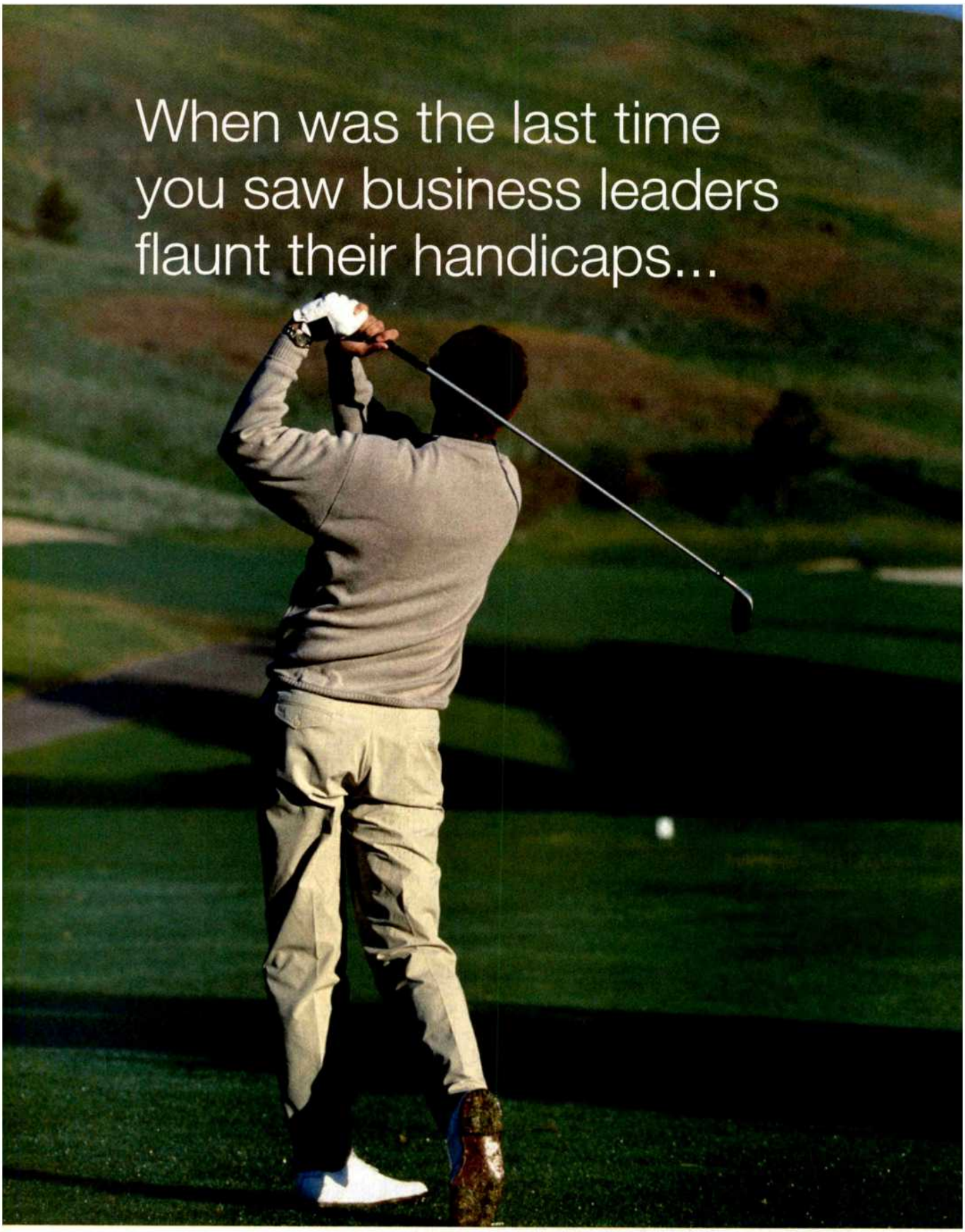

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Win a Honda NEW CR-V Live Up for a Hole-in-One

Schedule

Chandigarh	16 Oct 2010	Chandigarh Golf Club
Kolkata	12 Nov 2010	Tollygunge, Golf Club
Bangalore	4 Dec 2010	Eagleton, The Golf Resort
Mumbai	16 Jan 2011	Aamby Valley Golf Course
Delhi	19 – 20 Feb 2011	Classic Golf Resort, Gurgaon

Entry by invitation only

business today
FOR MANAGING TOMORROW

HONDA

Reading Between the Lines

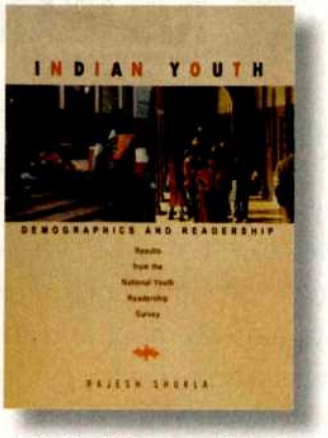
Joint families have more young readers. And most teens would prefer a book to watching TV. Surprising nuggets from India's first youth readership survey. BY SHAMNI PANDE

At a time when India is looking to reap the demographic dividend of having a young population, the need for education cannot be over emphasised. With developed countries ageing, it is India's young (38 per cent of Indians are 13 to 35 years of age) who will power the country's growth.

But they cannot be India's competitive edge without education and knowledge. While the National Literacy Mission and other government schemes aim for expanding literacy, what about those who are lucky to be in a school or have completed their schooling? Do they read for knowledge, for fun?

The National Youth Readership Survey or NYRS sought to find this out in 2009. The data suggests a worrying trend where the young spend an overwhelming amount of time with TV, radio and the Internet.

But there is hope for the printed word. While newspapers in the West are struggling for readership, the survey finds that newspaper reading is the second most preferred leisure activity after TV watching, for Indian youth. And three quarters of the literate youth surveyed agreed that reading is more important than watching TV and surfing the Net.



Indian Youth: Demographics and Readership

AUTHOR: Rajesh Shukla

PUBLISHER: National Book Trust, in association with NCAER

PAGES: 151

PRICE: Rs 550

The NYRS polled 662,483 individuals in the age group of 13-35 years, across the country, and interviewed 38,575 of them. The results are encapsulated in *Indian Youth: Demographics and Readership*, by Rajesh Shukla.

The report attempts to trace the socio-economic and cultural influences that have a bearing on these trends. The survey finds a strong association between newspaper and magazine subscription and the religion of the youth. Compared with Sikh and Muslim families, Christians are more likely to subscribe to newspapers and magazines. Also, joint families have more subscriptions than nuclear families.

Then, one would expect the retired to cut down their bills. But households depending on pension benefits tend to be big on print subscriptions. The reading and media consumption behaviour of individuals are determined by peer pressure, the education background of their

CATCHING THE PULSE

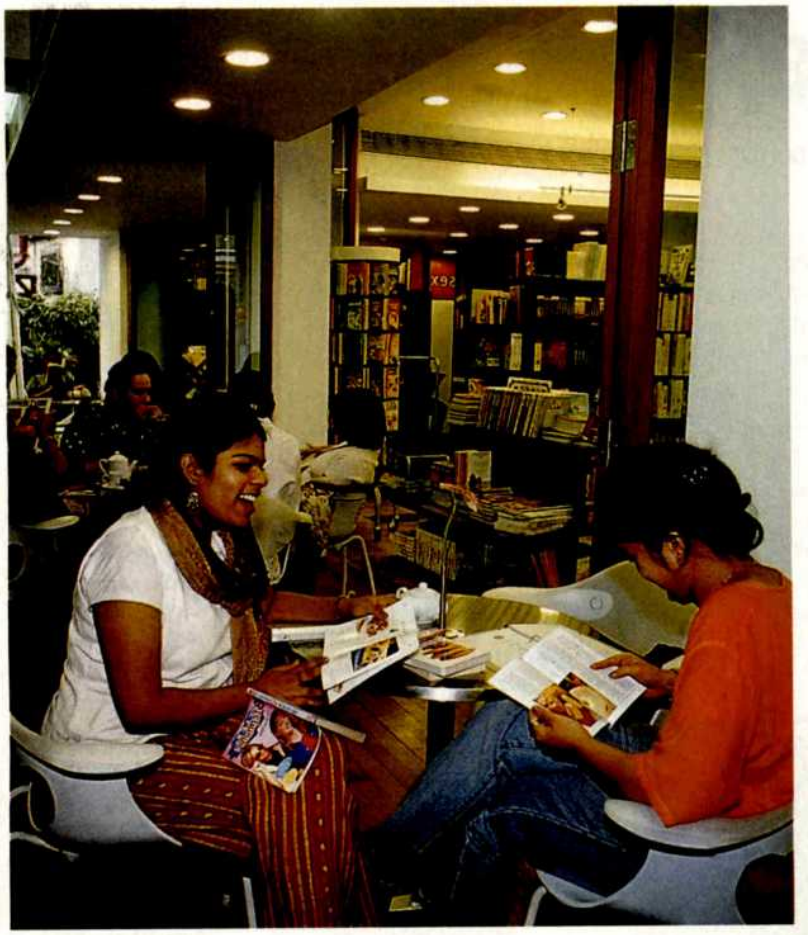
India has 333 million literate youth, of which...

25% prefer reading beyond curriculum

41% belong to the 25-35 age group

54% view TV for entertainment, 22% for news

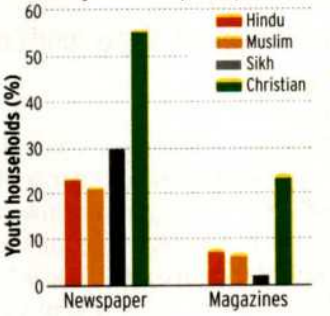
63% read newspapers for information



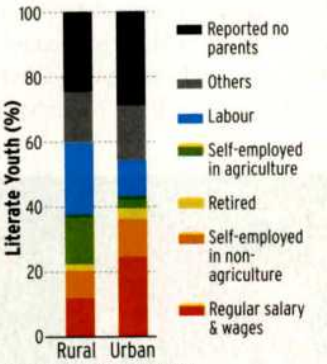
UMESH GOSWAMI

INDIA'S LITERATE YOUTH

Subscription of newspaper and magazines by religion



Distribution of youth by location and status of parents



Source: NYRS (2009), NCAER

KULDEEP

parents, their own habits and so on. Christians are seen as better readers: very few literate Christians work in the fields. They are mostly in casual labour or salaried jobs.

Out of India's 459 million youth, 333 million are literate. Of this, 62 per cent or 206.6 million live in rural areas and the rest are urban dwellers.

It is not clear if the overall 'leisure' readers have gone up, as this is the first baseline study done on the subject. However, what is apparent is that younger people tend to read more than their elders, possibly because the older group gets involved in family responsibilities. A quarter of the literate youth, or 83.2 million, read books for pleasure, relaxation and knowledge enhancement. Younger people—those 13-19 years old—had a share of 24 per cent. But the bulk was found concentrated in the 20-24 age group (29 per cent), while it was 24 per cent again in the 25-35 age group.

What is the way forward? As the author says, the survey clearly indicates that the publishing sector is simply not meeting the hunger for books. In India, around eight book titles are published per 100,000 population. That was the level in the United States back in 1950. By the year 2000, the US figure had gone up to 43.2 per 100,000, Britain was at 212.2 and Germany at 100.

Worse, while the maximum readers are in Hindi, Marathi and Bengali, in that order, books published in English account for 35 per cent of the total. ⊙

24% have newspaper subscriptions

8% subscribe to magazines

65% of youth households own a TV

54% own mobile phones

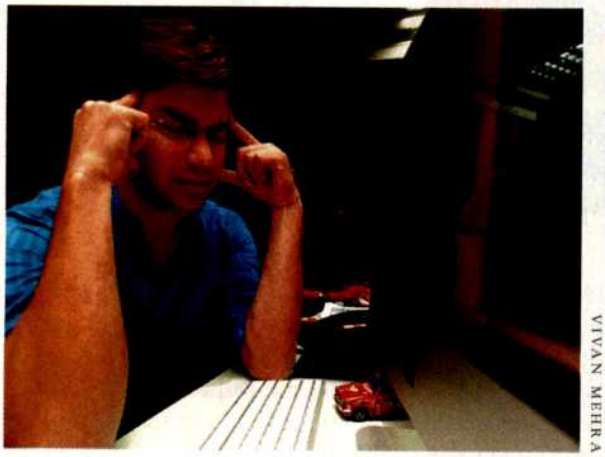
5% have computers at home

Migraine, at Work

You can't get rid of the condition but you can certainly keep it in check. BY NITYA VARADARAJAN

Do you sometimes feel a throbbing pain on one side of your head that later radiates to the whole head? And is it accompanied by nausea or blocked nose or even diarrhoea? If yes, then you could be suffering from a condition called migraine. In its severest form, it can cause blurred vision, dizziness, imbalance, speech difficulty and even high blood pressure. If left unattended, it can tell badly on the productivity of executives.

But what really is migraine and how is it distinguished from other types of headaches? The condition is caused by an abnormal dilation of blood vessels in the head which get constricted in the surrounding cranial area. This cranial pressure is what causes a throbbing headache.



VIVAN MEHRA

Often, a migraine attack tends to be confused with other types of headaches such as tension headaches (caused by faulty seating positions and staring at the computer for long periods) and cluster headaches, where the jabbing pain constantly shifts its locus in the head and neck. These can be relieved by light neck exercises and changes in working postures, along with medicines.

Migraine, on the other hand, causes periods of intense flashing headache interspersed with dull pain, irritation from bright light and loud sound. The pain pattern can persist for several days.

According to Dr A. Gunasekaran, a neurologist at Chennai's MIOT Hospitals, which has a special headache clinic, severe headaches lasting for up to a month are reported. In such cases, medicines — both abortive and preventive — are prescribed for six months. However, a permanent cure still eludes this condition.

"Migraine is as much an organic disease (like family history, hormonal imbalances in women) as a lifestyle disease. Obesity, irregular sleeping hours, improper eating habits can undo the best effort of medicines," says Dr Gunasekaran.

So, how does one deal with a migraine attack? If the headache comes during the night, then get up immediately, inhale steam and try to sleep in a sitting position. If it strikes during office hours, drink a lot of water and no more than two cups of tea. Also avoid chocolates, cheese, butter and alcohol. Have light food. Of course, take pain pills that suit you best but pace them while doing important office work. This way you will reduce your pills intake.

For those with long and frequent bouts of headache, with no particular physical conditions like brain lesions, the underlying psychosomatic cause can be traced through relaxation techniques, counselling and hypnosis to arrive at a definitive cure. But this calls for an honest look within one's self. ⊙

HOW TO KEEP MIGRAINE AT BAY

1. **Avoid erratic eating and sleeping schedules, particularly if you are prone to migraine**
2. **Eating the right food is important. Carrot juice or beetroot juice should be made regular breakfast items**
3. **Avoid spicy and oily food. Eat sprouts, fresh fruits, greens at least once a day**
4. **Check your blood pressure regularly. Sometimes a rise in BP leads to migraine. At times, migraine increases BP**
5. **Regular outdoor exercise helps. Also consult a yoga expert for specific breathing exercises**

THE INDIA TODAY GROUP

When Delhi wants to look up entertainment it picks up the MAIL TODAY

MAIL TODAY CROSSES THE 2,00,000 CIRCULATION* MARK IN LESS THAN 3 YEARS

MAIL TODAY

News for the new world

AN APPEAL

SAVE THE CHILDREN

EXECUTIVE DIRECTOR CARE TODAY C. BALAJI SINGH AT A SHELTER AT THE CRO CAMPUS, CHOGLAMSAR VILLAGE

Photographs by C. BALAJI SINGH/www.indiatodayimages.com

ONE OF THE SHELTERS FOR CHILDREN AT THE SOLAR COLONY, CHOGLAMSAR

THE SKAMPARI SHELT
THROUGH RECREAT

LEH FLASH FLOODS RELIEF FUND

CARE TODAY appeals to readers to donate for the rehabilitation of flood-affected people in Leh

Responding to the needs of the flood-affected children in Leh, CARE TODAY is supporting reputed NGO Save the Children set up five Child Friendly Spaces (CFS) in Leh and nearby locations. These five spaces, running in special tents procured with financial support provided by CARE TODAY, have helped 160 children return to school. These spaces, which are safe and child-friendly, have considerably reduced the post-flood trauma among children. The CARE TODAY executive director visited all the five CFSes from September 13 onwards to get first hand information about their activities and progress.

CARE TODAY was able to visit many villages which were inaccessible earlier and interacted with the affected communities. With financial support still coming in from readers, CARE TODAY has identified more potential initiatives in Leh that can be supported in the future. Some of these activities relate to repairing and rebuilding damaged schools and the district hospital, repairing community infrastructure and rebuilding individual houses. Many NGOs that have been working on the ground have approached CARE TODAY for collaborations. CARE TODAY is now evaluating some of these proposals and is also awaiting some need-based proposals from other NGOs. To support these initiatives, we are once again appealing to our readers to contribute generously. This will help CARE TODAY reach out to a wider community and work on more issues that help the affected people.

The rebuilding process, however, will take time due to the tough weather conditions and logistical challenges like scattered habitations at high altitude which witness temperatures as low as -25°C. But with our network on the ground and your generous help, we are sure to manage. CARE TODAY has so far managed to raise Rs 47,61,064. All contributions of Rs 5,000 and above are being acknowledged.

MAKE A DIFFERENCE

Please draw cheques or demand drafts in favour of
CARE TODAY A/c The Leh Flash Floods Relief Fund and send to:

CARE TODAY
9th Floor, Videocon Towers, E-1,
Jhandewalan Extension, New Delhi-110 055

All contributions are eligible for tax exemption under Section 80(G) of the Income Tax Act.
We do not accept cash or money orders.
For further queries, please contact
C. Balaji Singh or Harini Audi at 011-23314216/23355007
or email *balaji.singh@intoday.com* and *harini.audi@intoday.com*

CARE TODAY
AN INDIA TODAY GROUP INITIA

S HELPED CHILDREN IVITIES

THE SECOND SHELTER AT THE SOLAR COLONY, CHOGLAMSAR

THE MITSIK CHULUNG SHELTER HAS HELPED CHILDREN OVERCOME STRESS

tributions of Rs 5,000 and above to CARE TODAY's "The Leh Flash Floods Relief Fund" up to September 20, 2010

hailja Nand Jha	Rs 10,000	Kamlesh Sharma	Rs 5,000	Thiyagi K.S. Kandasami		Lily Prasad	Rs 5,000
nhans Wives		K.K. Malhotra	Rs 1,00,000	Angammal Charitable Trust	Rs 5,000	Regnant Energy Solutions	Rs 21, 000
are Association	Rs 20,000	Seema Jyotishi	Rs 20,000	Baldev Raj	Rs 1,01,000	Sujatha & Satyanarayana	
a Singh	Rs 10,000	Saurabh Kishore Motani	Rs 5,000	Gaurav Chhabra	Rs 5,000	Foundation	Rs 5,000
Sekhri	Rs 10,000	V.P. Singh	Rs 10,000	Lt.Col. Ravinder Singh Bedi	Rs 5,000	The Exchange Agencies	Rs 5,000
ta Assomull Sippy	Rs 5,000	Suman Duggal	Rs 5,551	Satish Shetye	Rs 10,000	Fast Foods Pvt. Ltd.	Rs 5,000
sh Arora	Rs 5,100	Lt.Col. K.B. Khanna (Retd)	Rs 5,000	Dr Laya Pandey/		The New Golden Slate	
Ravi Shankar Sinha	Rs 5,000	Brig. S.K. Amba (Retd)	Rs 5,000	Dr Yasha Pandey	Rs 5,000	Works (Regd.)	Rs 11,000
ila Suri	Rs 10,000	Nevales Networks		Ishwar Chand Kohli	Rs 8,000	Satyapal Khushiram Mahajan	Rs 5,100
har C. Jotwani	Rs 5,000	Private Limited	Rs 7,500	Simba FRP (P) Limited	Rs 25,000	Nalini Sehgal	Rs 5,001
anjukta Bhar	Rs 5,000	Nalini Mehra	Rs 5,001	Kansal Agencies	Rs 5,000	Deepak Singh	Rs 5,100
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m Agarwal	Rs 5,000	Capt. Ravi Mahajan	Rs 5,000	Ganesh Nagaraj	Rs 10,001	Anil Govind Patil	Rs 5,000
n Chand Sharma	Rs 50,000	Chinmaya Mission	Rs 11,500	Shiksha Bharati Public School	Rs 25,000	Nisha Balani	Rs 6,000
k Kumar Tyagi	Rs 51,000	Arun Dhawan	Rs 10,000	Devesh Rai Gadegawalia	Rs 10,000	B. Ratnakar Pai	Rs 5,000
sh Kumar V. Tandel	Rs 5,100	M/s Narbhir Singh & Co.	Rs 21,000	Swaran Kanta Kapur	Rs 12,000	Inderjit Singh	Rs 10,000
hatia	Rs 5,000	Swati Singh	Rs 5,000	Kalpa Industries	Rs 5,000	Vilma Kutty	Rs 5,000
dr. S.K. Sharma (Retd)	Rs 5,001	Ravi Karla	Rs 10,000	HDFC Bank Ltd Retail Assets,		Kalra Seva Nidhi	Rs 21,000
Pal Mudgil	Rs 5,555	Anoop Arora	Rs 5,000	Team of Kolkata & Jamshedpur	Rs 31,600	Mehak Kala	Rs 5,000
awa	Rs 5,500	Smita & Dinkar Palande	Rs 5,000	Pankaj	Rs 5,000	Sanghi Medical Centre P. Ltd.	Rs 11,000
dha Kumar	Rs 5,000	Modern Construction	Rs 10,000	R.C. Bajaj	Rs 5,100	P.V. Ramana Reddy	Rs 25,000
Himanshu Rawat	Rs 5,000	V.N. Vijaykumar	Rs 5,000	Kailash Chand Harkisanka	Rs 5,000	Lt. Col . Kulbir Singh (Retd)	Rs 5,000
eraj Khare	Rs 10,000	Purvin Shah	Rs 5,000	Guru Prakash Kirtyanand		Sharda Bhagat	Rs 5,000
harma	Rs 10,000	Ampi Finance Limited	Rs 25,000	Baranwal	Rs 5,001	K. Padmanabhan	Rs 5,000
nar Prakash	Rs 15,000	Crescent Engg.	Rs 5,000	Sivaraman Iyer	Rs 5,000	Dr. Sudhangshu Kumar Ghosh	Rs 5,001
h Gopal	Rs 5,000	Harish Jagtiani	Rs 5,100	P.E.L.T.C. Family	Rs 7,400	Kalyan Engineering Works	Rs 10,000
Babajee	Rs 10,000	Sachin Garg	Rs 6,000	Jyoti Dimpi	Rs 5,000	Ashish B. Pathak	Rs 5,000
hivram Damodar		Bendale Subhashchandra		Usha Thukral	Rs 5,100	Ajit Nair	Rs 10,000
rni (Retd)	Rs 5,000	Yeshwant	Rs 5,000	Sujay Das	Rs 5,000	Naveen Gupta	Rs 11,000
lohini Vaid	Rs 5,000	Gurukripa Dall Mill	Rs 10,000	Neerja Rani	Rs 5,100	Manish Kumar	Rs 5,000
urian	Rs 5,000	Deepak Kumari	Rs 5,000	Dr Madhu Kant	Rs 11,000	Ravi Maheswari	Rs 11,000
th	Rs 5,500	Justice D.P. Wadhwa	Rs 10,000	Harish Kumar Bakshi	Rs 10,000	Sanjeev Goel	Rs 5,100
Tutorials	Rs 7,000	Dr Kiran Belsare	Rs 5,000	Srinivas Palakodeti	Rs 10,000	Verendra Kalra	Rs 11,000
eet Singh	Rs 10, 000	Saini Diesel Power	Rs 5,101	R.L. Pokhariyal	Rs 5,001	Sanjay Gupta	Rs 11,000
harathan	Rs 5,000	Spectrum Dyes & Chemicals	Rs 11,000	Air Marshal Ashok Goel (Retd)	Rs 5,100	Pawan Gupta	Rs 5,000
Women's Club	Rs 30,000	Annapurna Industries	Rs 10,000	Krishan Lal Bhatia	Rs 5,000	Rashmi Mittal	Rs 5,000
L. Chugh	Rs 5,000	Rashmi Dying and Printing	Rs 11,000	Col. A.C. Grover (Retd)	Rs 5,000	Suvakanta Mohanty	Rs 5,001

ppp

People | Places | Products

Rajiv Kaul
CEO, CMS Infosystems

VIVAN MEHRA/www.indiatodayimages.com

Can't Help Being a CEO

After 10 years at Microsoft India, the last few at the helm, **RAJIV KAUL**, 41, had just been getting into the groove of a private equity, or PE, investor when the CEO bug bit him again. Leaving Microsoft India in 2006, he had joined PE firm Actis in London. But this stint ended when an attempt to buy Patni Computer Systems fell through. Kaul then joined Blackstone, another PE firm, and played a key role in buying out the family-run CMS Computers (now CMS Infosystems) in early 2009. While looking for a CEO to run it, Kaul realised that he fit the bill. "I saw potential and, like it or not, I did tick all the boxes as a potential CEO, so I took it on." CMS's largest business today has nothing to do with computers: it is India's largest cash delivery company. "We (also) have a massive printing services division which printed a billion and a half bills last year and we are the oldest credit and debit card personalisation press," he says. Kaul is extremely optimistic about taking revenues from Rs 670 crore last year to Rs 2,000 crore by 2014-15, with margins growing 50 per cent. "There are massive opportunities across India. What CMS lacked was vision and aggression, which I believe I bring in." It appears that Kaul wants to make CMS his legacy, his achievement. You can't fault a gold medallist from XLRI Jamshedpur for dreaming big. But, by his own admission, you could possibly fault his golf game.

KUSHAN MITRA

Paul Drummond

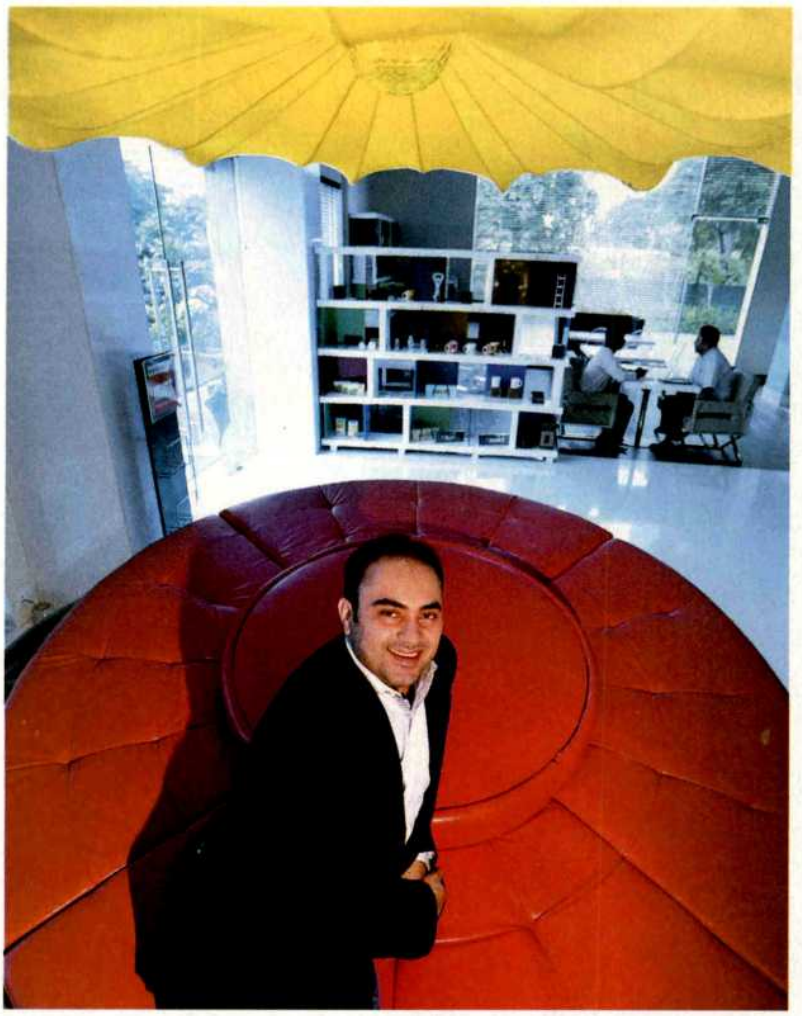
Co-founder and Group Commercial Director, Quintessentially

Concierge to the Super Rich

After qualifying as a solicitor in 1997, PAUL DRUMMOND worked at law firm Norton Rose for three years. He was beginning to get bored when he met Ben Elliot, a nightclub owner and nephew of Camilla Parker Bowles (wife of Prince Charles, duh!). "We became good friends and realised that we were often approached by the rich and connected for restaurant reservations and club bookings," says Drummond, 38. Thus was born Quintessentially, a private members's club and concierge service. Be it arranging passes for a post-Oscar ceremony, or sending pork bellies from London to Thailand for a member, they have done it all, with offices and agents in 52 cities. It entered India in March this year, and has already tied up with a few Indian brands. With a members list that includes the likes of Lakshmi Mittal and Mick Jagger, getting high net worth Indians to register should not be a tough task.

ANUMEHA CHATURVEDI

REUBEN SINGH/www.indiatodayimages.com



VIVAN MEHRA/www.indiatodayimages.com

Arjun Baljee

Founder and Director, Peppermint Hotels

Five-star, but Affordable

He has worked extensively at his family's Royal Orchid Group and also at hotel chains such as Four Seasons, The Oberoi Group and ITC Hotels. So, it is hardly surprising when **ARJUN BALJEE**, a hospitality graduate from Cornell University with an executive MBA from IIM Bangalore, says that setting up hotels is the only thing he knows. Addressing a gap in mid-priced stylish accommodation, Baljee has founded the Peppermint brand. "I'd call Peppermint a budget boutique brand... the design sensibility and amenities are at par with any other five-star," says Baljee, 30. The first property came up in Gurgaon in July this year. "The properties will be high on design and we've had a lot of fun with the brand," he says. Here's hoping guests agree.

ANUMEHA CHATURVEDI

R. Mathiseelan

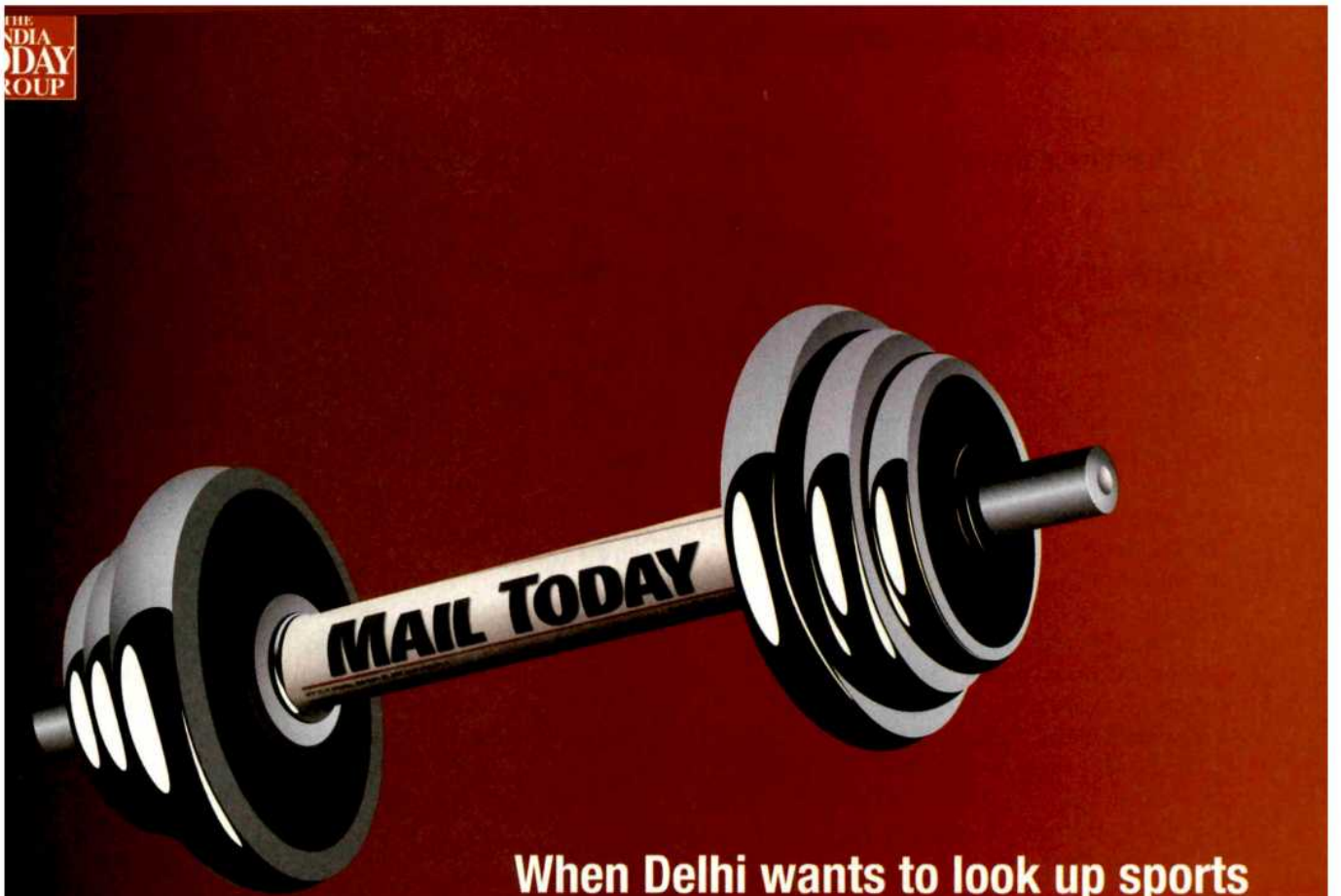
MD, Image Ventures

Animation for the World

This plastics engineer was hooked by animation when his brother was working on a movie project. **R. MATHISEELAN**, 38, learnt the technology and set off on his own. Today, as Managing Director of Image Ventures, he is out to conquer the hearts of children with *Bommi and Friends*, the first Indian animated movie for global audiences that does not have mythical characters. KidsCo, among the largest players in distributing children's content, has acquired the licence to distribute the serial in some foreign territories. Though venture capitalists are expressing interest in the company, for now Mathiseelan has managed with his own funds and debt.

NITYA VARADARAJAN

G. KESHAV RAJ



When Delhi wants to look up sports
it picks up the MAIL TODAY

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MAIL TODAY CROSSES
THE 2,00,000 CIRCULATION*
MARK IN LESS THAN 3 YEARS

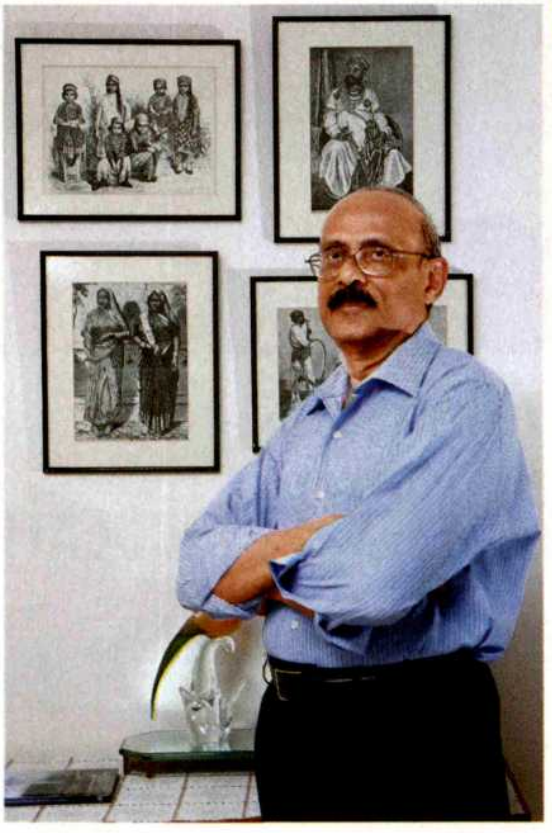
MAIL TODAY
News for the new world

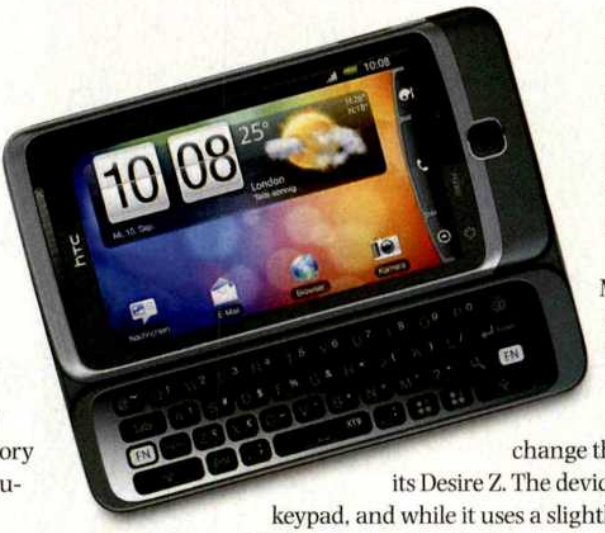
D. Chandrasekharam
Professor, IIT Bombay

Blow Hot, Never Cold

India uses electricity from a host of sources — mostly dirty, some clean. Now, **D. CHANDRASEKHARAM** of Indian Institute of Technology Bombay, who has been studying geothermal energy for decades, has decided to put the theory into practice. Geosyndicate Power, incubated under him, has signed a power purchase deal with Andhra Pradesh for a 25 MW plant in Khammam district. Such plants use steam from a water table that lies above hot rocks to run turbines. Chandrasekharam, 61, says: "This is new only to India. Elsewhere, there is already 10,000-MW-plus of capacity. These units are very efficient, continuously yielding up to 97 per cent of their rated capacity."

K.R.BALASUBRAMANYAM





HTC Desire Z

Good, Better, Best

Many consider the HTC Desire the best Android device available now but HTC wants to change that perception with its Desire Z. The device gains a slide out keypad, and while it uses a slightly slower Qualcomm 7320 processor (the Desire has the Snapdragon), the Desire Z will be coming with HTCSense.com services, which include a 'Find Your Phone' feature to remotely lock and wipe your data in case the phone is lost.

PRICE: Around Rs 25,000
AVAILABILITY: October 2010.

KUSHAN MITRA

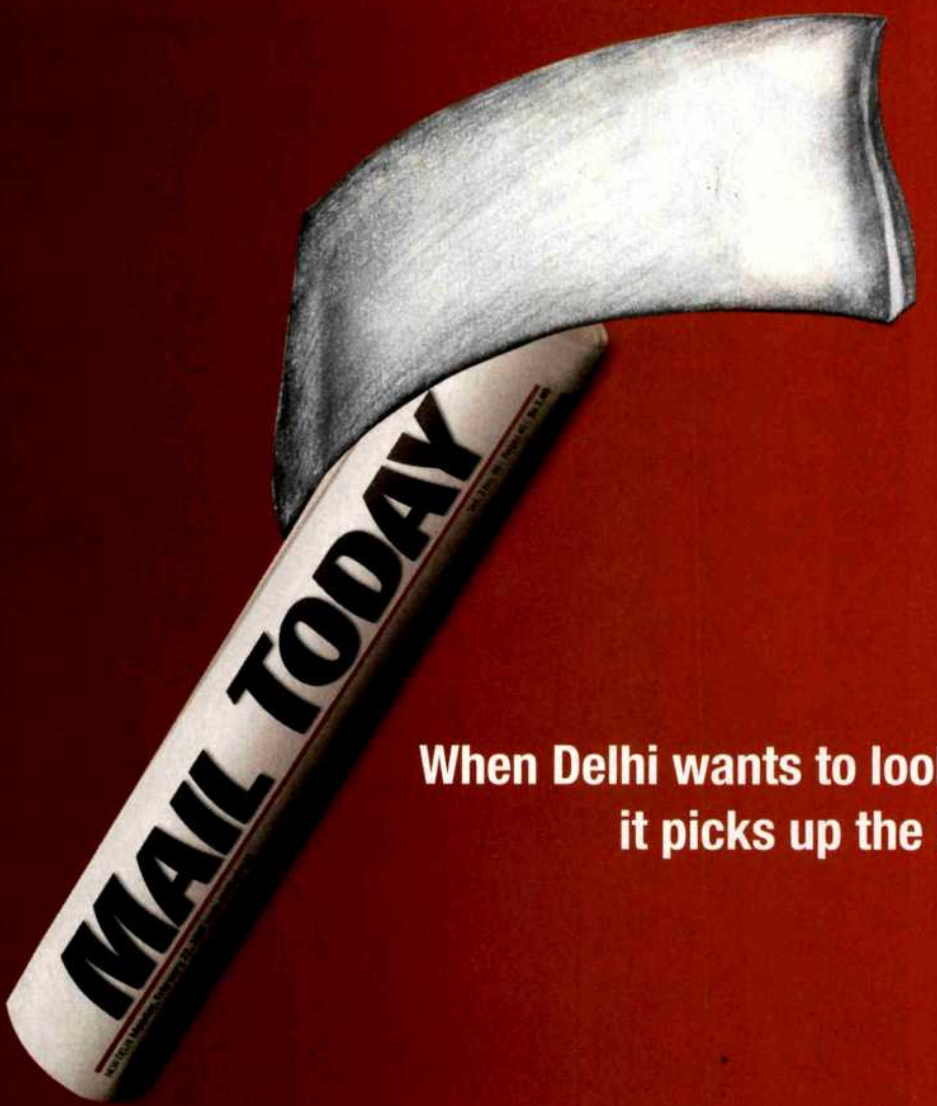
GLASGOW
SCOTLAND

The Next C'Wealth Games

For a quick contrast with the mismanagement at the Delhi Commonwealth Games, check out Glasgow, Scotland's largest city and the venue of the 2014 Games. Don't expect to catch much construction work in progress: 70 per cent of the venues are already in place. Glasgow also has an excellent transport system, and will be spending £2 billion to upgrade what it has. The hotels are the cheapest from January to March. Take in the river front, which showcases its maritime history (it was the second city of the British Empire). ⊙

SOMNATH DASGUPTA

THE INDIA TODAY GROUP



When Delhi wants to look up politics
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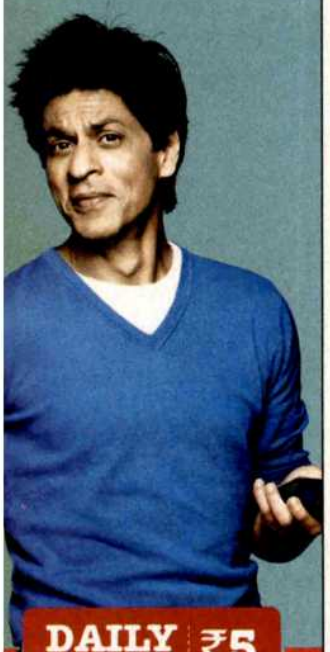
MAIL TODAY
News for the new world

Airtel

Aaj Ka kya plan hai?



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R.K. SOMANY
Chairman & Managing Director, HSIL (Hindware)

My leadership style
- ☐ Delegative
- ☐ Participative
- ☐ Authoritative
- ☑ All of the abov

The political leader I admire the most
Sir Winston Churchill

The business leade I admire the most
J.R.D. Tata

The leadership less I remember the bes
Put your best foot forward

A book/movie I would recommend on leadership
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N.Madha

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From the Editor

NOW

THEN

Jeff Immelt stepped into Jack Welch's shoes four days before 9/11. Even more than the legendary Welch, he has GE blood in his veins — his father worked for the company and he met his wife at the company. The 28-year-old GE veteran stands six feet four and has a firm grip, as befits an offensive tackle on the Dartmouth football team. Does he have an equally firm hold on GE's way forward in India?

Five years ago, when we ran Immelt on our cover, the company talked of hitting $5 billion in India by 2010. They have not got there nearly by half. Now the maker of everything, from medical scanners to aircraft engines and nuclear power plants, has got emerging-markets religion. "In five years from now, India should be $10 billion or more, and five to 10 per cent of GE," Immelt told *Business Today* in a candid interview with no questions off the record (click on www.businesstoday.in/immelt). Can the company's "imagination at work" motto work in chaotically growing India?

The answer is, it has little choice but to bet on India. Demographics and market size dictate the bet, but the ride will not be easy, as India's nuclear-liability law makes clear. For Immelt, who has seen GE stock decline from $39.66 on the day he took the helm in 2001 to $17.05 on October 7, it was also clear that India needed a different formula, and that is what Executive Editor Josey Puliyenthuruthel decodes from page 52. But does India have the "grrr factor" — a mixture of ambition, energy, and passion — that, Welch says, is one of the important ingredients that will lure investment decisions? "Indeed, India's only local market advantage could be that it is easier to enter and survive in because, well, it is just so much less competitive than China," Welch wrote in 2007. "The downside of India's form of coalition democracy, of course, is a bureaucracy that moves slowly — as in cold molasses."

Immelt is shucking Welch's shoes on this one. GE India now has a CEO, John Flannery, with a "whatever works" mandate. Whether it is locomotives, or jet engines, or reactors, India badly needs powering, and the world's 13th-largest company will use this country as a test-bed for other emerging economies. We can be optimistic.

Some of that hope comes not just from the world's giant companies, but from even the smallest Indian start-ups that are looking to make a giant leap into global markets. Globalisation is a must, as a McKinsey column on page 83 spells out. Our team of writers uncovered a bouquet of fascinating examples in the fourth and final instalment of the Gen Next series. And the men and women we profile could well be part of management folklore one day. Whether it is creating intellectual property in animation, or exporting roses to the pernickety Japanese — I know exactly how tough that export market is for perishables, having witnessed at first hand in the 1990s dogged battles by New Zealand to ship its apples or by the United States to ship its beef — these entrepreneurs deserve our admiration.

Talking about fuss-budget buyers, do not forget to look through our photo essay starting on page 84 on a Ludhiana family that combines management learning with rolled-up sleeves to export high-grade honey to Europe and the United States. Those bee-keepers have hit a sweet spot. Cold molasses, indeed.

Chaitanya Kalbag

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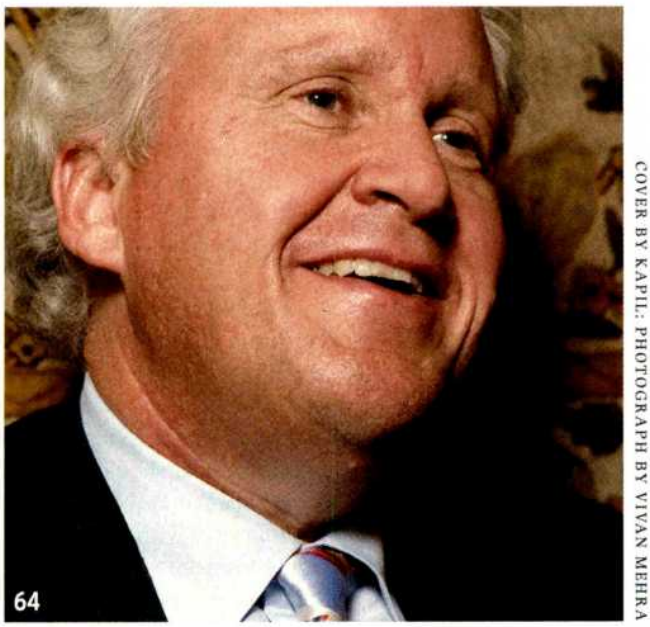

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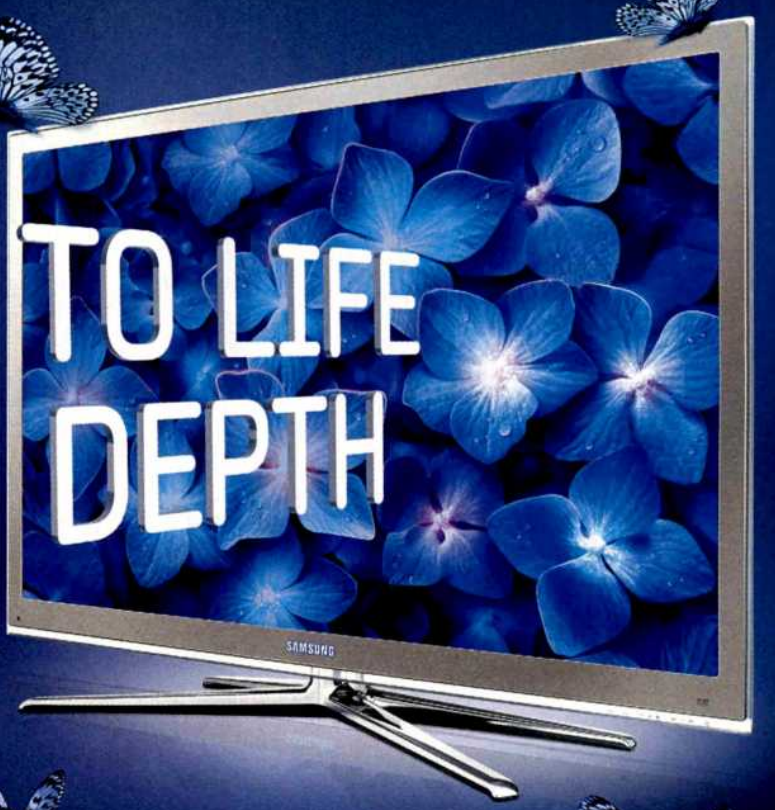

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Clear and Present Danger

Corporate Apartheid (BT cover, October 17) raises the fear that sexual harassment could become endemic at workplace if employers ignore or refuse to confront this menace. But despite widespread recognition about the problem many employers remain woefully unprepared to protect their own interests, and those of their employees. **Prerna Rai**, *Chennai*

Doing It Right

The discourse on sexual harassment at workplace has really opened up of late. As a result, today companies are in a better position to address gender stereotyping and harassment at the workplace and ensure that women have recourse to effective resolution of complaints. From a purely business perspective, a company only stands to gain if it takes a no-nonsense, hard-line position on sexual harassment. Not only is it the right thing to do, it is the smart thing to do. **Praneeta Achyut**, *Delhi*

No Redressal Mechanism

Sexual harassment poses a growing risk to businesses. Yet companies betray a surprisingly cavalier if not callous attitude to the problem. That is a matter of concern for both women and employers. Studies show that sexual harassment touches the lives of nearly 40-60 per cent of working women. It is baffling then that a sizable number of companies in India don't have a written sexual harassment policy in place and many are reluctant to address the problem. **Neha Thakur**, *Kolkata*

B-school Rankings

Despite defending your research methodology for B-school rankings (*The Way We Did It*, BT, October 3), I don't see how it is any good or better than others. To know that your methodology does not lean too much on factual data is no great claim to make. True, data provided by institutes are open to overstatement but a rating agency should be able to sift fact from fiction. Instead, you opt for the easier route — letting perception determine your rankings. It is also difficult to understand how your respondents, especially MBA aspirants and coaching institutes, could have answered questions on student-teacher ratio, quality of placements, etc. All the more reason to take your rankings with a pinch of salt.

Dinesh Kumar, *Greater Noida*

Superbugs on the Loose

Intensive Scare (BT, October 3) raises a looming health care concern. If the trend of hospital-acquired infections is not checked, we may soon have a crisis on our hands. Fortunately, as your story reminds, the health care industry is taking various initiatives such as putting in place a more robust regimen of hygiene at hospitals and creating new drugs to fight drug-resistant bacteria. The government, too, should craft a national policy in this regard. **B. Rajasekaran**, *Bangalore*

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Corporate Apartheid

Sexual harassment is an ugly reality at the workplace. Read our cover story to learn what companies are doing to improve awareness, ensure compliance and penalise wrongdoers, what they are not doing and what more needs to be done.

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Power Seekers

It seems that almost everyone in India Inc. wants to generate power, from the Ambani brothers and other established players in the public and private sectors to some totally new names. Read our comprehensive story to find out who is planning to do what and invest how much, and what it augurs for them and the country.

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Anusha Subramanian on the marketing chutzpah behind the "BlackBerry boys" advert. Lyrics included.

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T.V. Mahalingam travels from Bombay to Kolkata and finds out that he just can't speak "Engrish".

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16 The Rupee Surge
24 Digital Explosion
28 Watch Out, Lalit Modi

KAPIL

Seize the Moment

The visit of a galaxy of heads of states to India is an opportunity for the UPA government to set the agenda on issues of national and global importance, argues Arvind Panagariya.

The heads of arguably the three most important countries from three different continents will soon be visiting India. They are US President Barack Obama, French President Nicolas Sarkozy, and Chinese Premier Wen Jiabao. Coming on the heels of the Commonwealth Games, this is an unusual concentration of the top world leaders in New Delhi. While the answer to why this is happening is almost obvious — no self-interested nation can afford to ignore a rising democratic power that is expected to grow into a $5-trillion economy from $1.5 trillion in the next 15 years — it is less clear what these visits might accomplish, especially in the economic field. For, in the end, economic relations largely grow out of business-to-business and business-to-customer contacts.

These visits, though, could promote bilateral economic relations by renewing a genuine commitment to open markets.

Protectionist actions, not just rhetoric, have been resurgent in the United States under President Obama recently, with Indian information technology majors becoming

their direct targets. President Sarkozy, too, has been the leading proponent of carbon tariffs on countries such as India and China, if they do not adopt mitigation programmes similar to those embraced by France and other European countries. Symmetrically, China and India have gone on to initiate anti-dumping actions against their trading partners on a rather large scale following the global financial crisis. These developments do not bode well for free international flow of trade in goods, services and ideas. They threaten smooth functioning of business-to-business and business-to-customer contacts. India would do well if it could use the forthcoming visits to place a lid on such protectionist sentiments and actions.

The issue of climate change and what the countries are willing to do is bound to be on the agenda of virtually all the visiting heads of states and of India. Here India will need to make clear to the US and France that while it wishes to be an active partner in fighting climate change, its greatest and immediate vulnerability is to vagaries of the nature that are already there. Then with nearly 40 per cent of its households without even an electricity connection, it cannot contribute to positive reductions in emissions until 2040. As regards China, India must avoid forming an alliance with it on the climate change issue. By forming such an alliance, India only risks reinforcing in a major way the widespread erroneous belief that India is virtually as large a contributor to global emissions as China. Nothing could be farther from the truth.

It is also probable that President Obama will press Prime Minister Manmohan Singh to join in pressing China to revalue its currency. Here Singh must avoid joining hands with the US. For one, as Professor Ronald McKinnon of Stanford University has persuasively argued, it is far from clear that even a 20 per cent revaluation of the Chinese currency will substantially correct the deficit in the US current account. Additionally, India itself will need to let the rupee depreciate in the near future to reduce (though not altogether eliminate) its existing large current account deficit. If it joins such a war against China today, it may have to face the same war against itself tomorrow. Finally, India has far too many political problems with China. This requires cooperation rather than confrontation with China.

In terms of positive actions, higher education, science and technology, and modest cooperation on global financial regulations are promising areas. Once again, government-level actions facilitating cooperation in education are limited, but what the bilateral talks do will have some signalling value. For example, the provision of more fellowships for faculty and student exchanges than currently available would give some impetus to exchange of faculty and students. It may eventually lead to enhanced university-to-university interactions and even setting up of campuses by foreign universities on Indian soil. In so far as minimal international cooperation is essential to devising effective regulations for international financial flows, bilateral talks between major players can pave the way for wider future talks.

The author is Professor of Economics at Columbia University

PANAGARIYA'S TAKE

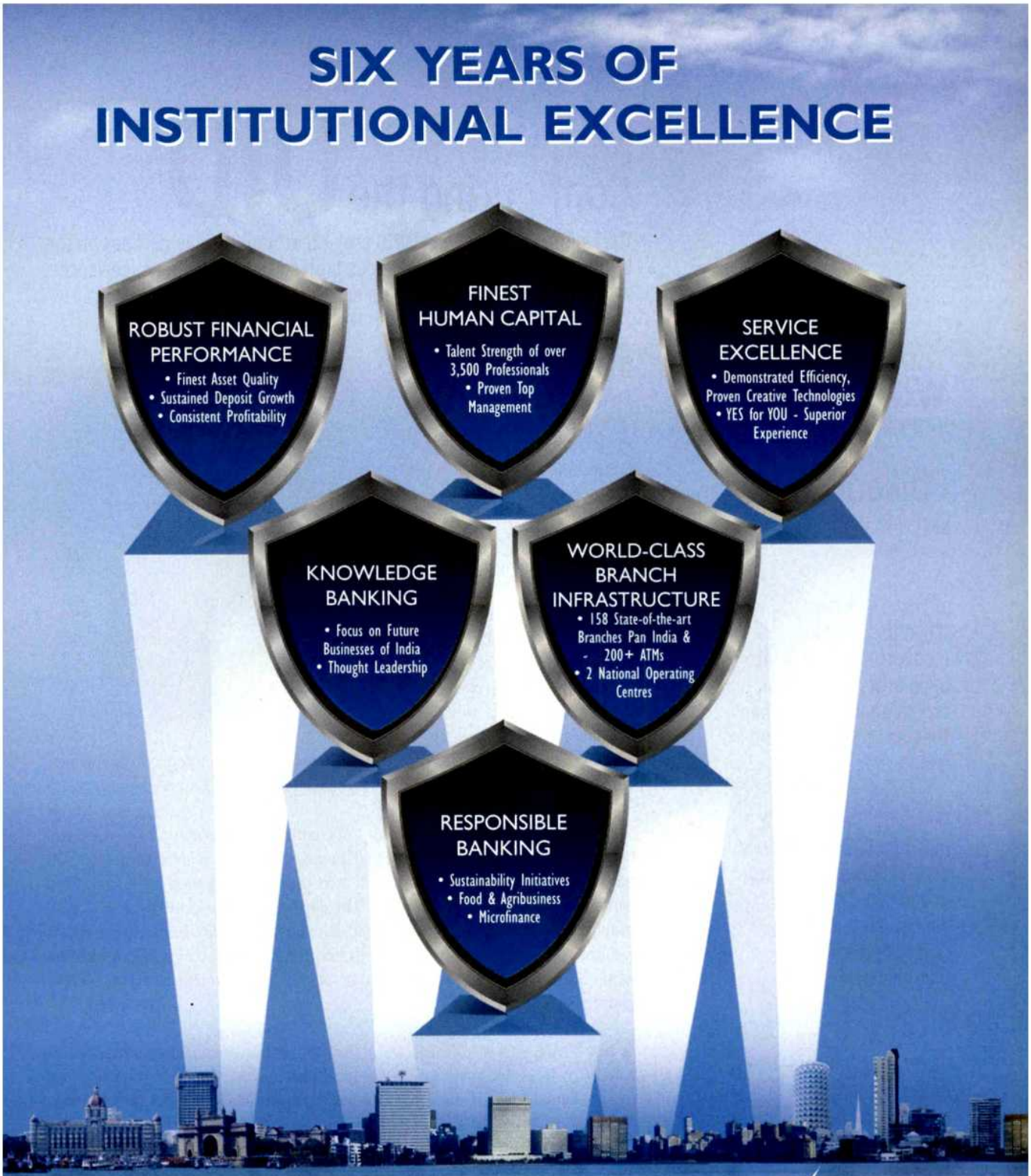
ON TRADE
- Push for an FTA in services with the US
- Need for greater nuclear trade with France

ON CURRENCY
- Resist US pressure to lobby with the Chinese for yuan revaluation
- Make a case for rupee depreciation in the long term to give a fillip to domestic exports

ON OUTSOURCING
- Express concern over growing US resistance to outsourcing
- Make it clear that clampdown on outsourcing could invite retaliatory action

ON INFRASTRUCTURE
- Court US infrastructure companies for greater FDI in the sector
- Show-case India's streamlined regulatory framework in infrastructure for greater investments

ON ENVIRONMENT
- De-hyphenate India from China. Its emission levels are much more than India's
- Make it clear to the French that carbon tariffs on India would invite retaliatory measures



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Configuring the UID

The Unique Identification (UID) project, or Aadhar, may perhaps be the UPA government's most ambitious project, but the global experience with such projects has not been encouraging.

The UID is launched... The project, under the stewardship of one of the most trusted and respected names of India Inc., Nandan Nilekani, was flagged off by Prime Minister Manmohan Singh in the Nandurbar district of Maharashtra in October. It is an ambitious project and will provide a unique 16-digit UID number to 1.2 billion Indians. The UID card will have basic demographic information and a photograph of the individual along with biometrics, including fingerprints and IRIS, stored in a chip.

... And has an ambitious agenda... The entire project is going to cost around Rs 45,000 crore to the exchequer. The government has set a target of 100 million numbers to be issued in the next one year, followed by 500 million cards in the next four or five years. The card will be the identity proof for all Indians and will be used by the public distribution system, banks and various welfare schemes. The UPA government hopes it will empower the poor in India who cannot access the various public benefit programmes without a clear identity proof.

... But there are problems... The project has both technology and privacy concerns. Experts argue that a comprehensive information database of all Indians lends itself to misuse. Among the major risks are errors in compiling information about individuals in a project of such a gigantic scale and unauthorised access to information. The use of biometric system, too, has been questioned. Electronic scanning and matching technologies are not 100 per cent error-free.

... And the global experience has not been encouraging. The new coalition government in Britain has repealed the Identity Cards Act 2006 in order to safeguard citizens' privacy. In the US, the Social Security Card doubles up as the national identification number, but the attempts at issuing cards bearing biometric information have drawn a backlash from rights groups on grounds of privacy violation.

MANU KAUSHIK

WORDSMITH
(NEW WORDS IN BUSINESS)

Polkadodge
(Pol-ka daw-dj)

What it means:
When two people inadvertently bump into each other or move in the same direction when they are trying to avoid each other.

Origin: The word is a mash-up of Polka (a lively central European dance) and dodge. The word almost made it to the Oxford English Dictionary this year.

Current usage:
Several office romances begin with clumsy polkadodges near the coffee vending machine.

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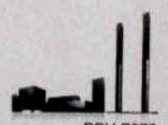

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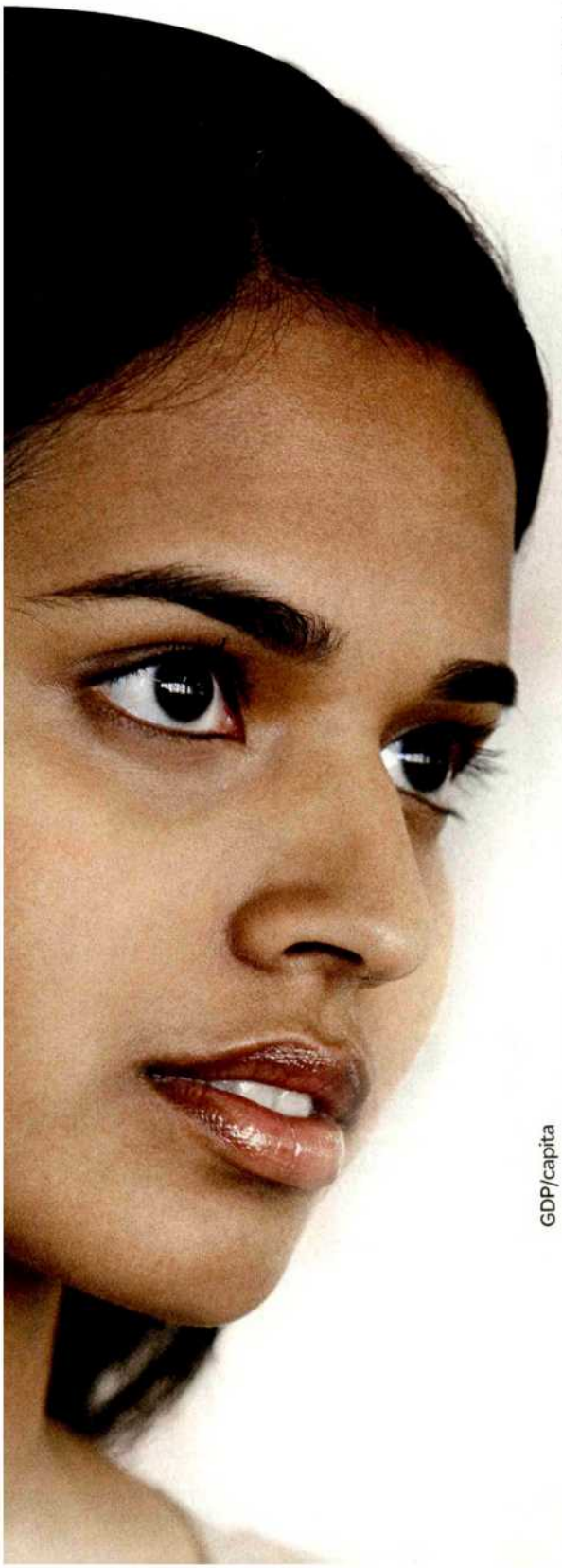


Give someone energy for a better tomorrow

While new communications technologies are making our world smaller and our personal lives richer, it is easy to forget that energy spurring progress is not available to billions of our planet's inhabitants. This population does not fixate on status updates, RSS feeds, or texting while driving, as there are few personal cars to drive, and rarely a network to text to. There is only a daily struggle to eat, develop their families, and improve their lives… without any meaningful access to energy and all of its benefits.

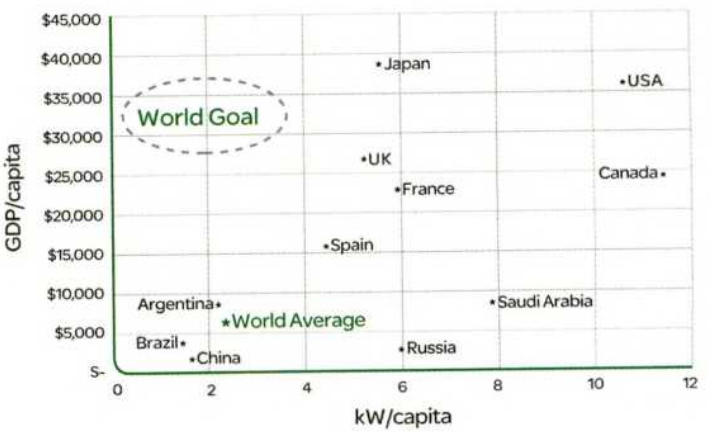
Meanwhile, dependence on carbon-based economic growth is driving the most climate pressure exactly on those benefiting least from new technologies. If the electric utility system is one of mankind's most significant engineering achievements to date, creating a new and sustainable energy model needs to be our next triumph, and it cannot come soon enough.

At Schneider Electric™, we believe these two issues are linked. Access to energy for all frees the intelligence and creativity necessary for developing a new energy paradigm. Through technological innovation, social policy, medical research, and more, each generation has left a legacy of improvement for its children—until now. Now we have one lifetime to dramatically change the way we create, distribute, and consume energy. Succeed, and our contributions will set a standard for millennia. Fail, and we will be the shame of our grandchildren's grandchildren.

So while we text, Tweet, and find friends like never before, let's not forget that the planet's energy system is a closed loop. When coal dug in South Africa drives energy consumption in China to make goods for Europe, resulting in particulate emissions over Los Angeles, we are clearly all connected in one energy system. Therefore, a new approach to energy is a new approach to our progress as a race. Spend less today. Share more tomorrow.

Solving the energy challenge requires behaviour change and new technological approaches. And since a true solution requires more than the latest component, it's no wonder new intelligent energy companies are uniting systems, data management, and energy visibility in ways that were unimaginable a decade ago.

Per capita income and energy use around the world:



Source: Key World Energy Statistics from the International Energy Agency, 2006. Author: Frank van Mierlo

Can we grow economically while reducing our energy intensity? Japan uses significantly less energy per person than the United States, yet its economy is as strong. All of us – individuals, corporations, and countries – need to work together and learn from each other to make a difference today.

is a watt shared

Where can you start today?

EcoStruxure™, our new energy management architecture, delivers Active Energy Management™ from Power Plant to Plug™, across all the domains of an enterprise: data centre management, power management, security management, building management, and process and machine management—integrated and optimized for maximum efficiency.

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At Schneider Electric, we are ready, willing, and able to provide energy management with the industry's broadest portfolio of solutions and a global footprint second to none. Our commitment to efficiency starts in our own house, where we have set industry standards for RoHS/REACH compliance, corporate sustainability initiatives, and access-to-energy programmes. In fact, you're invited to tour our headquarters, one of the most energy-efficient buildings in the world. What we have done for ourselves, we can do for you. And what you do for yourself can make a world of difference to someone half a world away.

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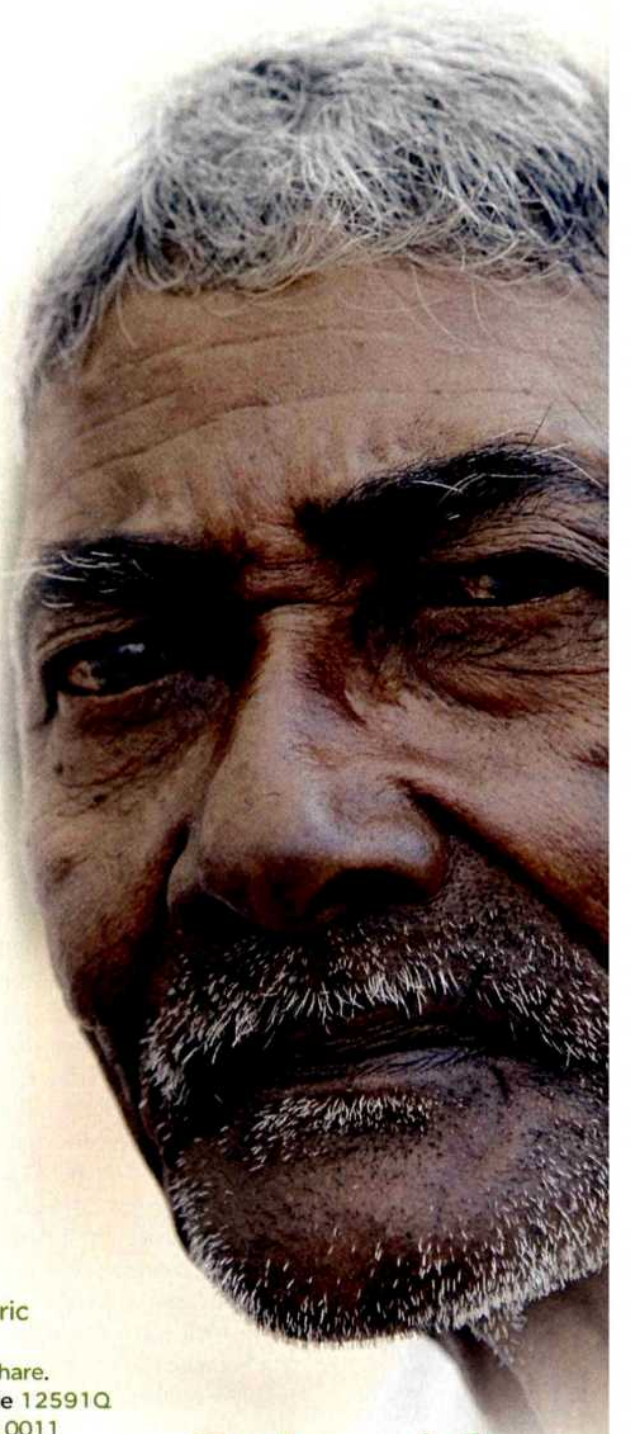

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The Rupee's Giddy Ride

The rise and rise of the rupee because of a surge in FII inflows might call for the RBI's intervention soon. BY RISHI JOSHI

The Reserve Bank of India (RBI) now finds itself between a rock and a hard place. The torrent of inflows from foreign institutional investors, or FIIs, has sent the BSE Sensex soaring, and pushed up the value of the rupee. This year, the FIIs have so far pumped over $20 billion into the stock markets and as a result the rupee has appreciated over eight per cent. The central bank has followed a hands-off policy in the forex market recently but is fast running out of options.

The surge in the rupee could not possibly have come at a more inopportune time for North Block and the RBI. There seems to be an incipient recovery in exports but the appreciation of the rupee, some feel, could derail the process. The RBI's monetary actions in the last couple of months, where it has opted for a calibrated hike in repo rates to rein in inflation, could strengthen the rupee further given the growing interest rate differential between India and the United States. Moreover, if it were not for a surge in imports, and the consequent widening of India's current account deficit in the June quarter to $13.7 billion, the rupee would have appreciated even further. Says D.K. Joshi, Chief Economist, Crisil: "The trade gap has actually checked the rupee appreciation."

Most emerging markets are grappling with the same problem. Like India, interest arbitrage possibilities and robust economic growth have made them a magnet for foreign capital flows. The Institute of International Finance, which represents more than 400 of the world's leading banks and finance houses, has revised its estimates of net capital flow into emerging markets in 2010 to $825 billion, from $709 billion earlier. Guido Mantega, Brazil's Finance Minister, recently observed that there was an ongoing "international currency war" and countries were seeking to boost export competitiveness by devaluing their currencies. Brazil and Taiwan have introduced some capital controls, while China is resisting the US pressure to let its currency float on the open market.

But experts feel that the RBI may have been wise not to intervene. Ashima Goyal, professor at the Indira Gandhi Institute of Development Research, says: "Sometimes it is good to be a contrarian." An appreciating rupee eases inflation and makes import of investment goods cheaper, helping companies that are scaling up operations in a fast-growing economy. Adds N.R. Bhanumurthy, professor at NIPFP: "In recent times, there has been no correlation between exchange rates and exports."

The RBI, though, is keeping a vigil on the rupee rise and Subir Gokarn, Deputy Governor has admitted that "the capital inflow is emerging as a potential threat." It is not a role that the RBI is unaccustomed to. India's burgeoning foreign exchange reserves are a result of the RBI's proactive management of the rupee rate to check unbridled appreciation. Analysts feel the RBI may soon be forced to intervene by mopping up dollars from the market even if the mandarins refrain from imposing capital controls. It is going to be a tightrope walk for the central bank as it tries to combat inflation and check the rupee rise concurrently.

ADDITIONAL REPORTING BY SHALINI S. DAGAR

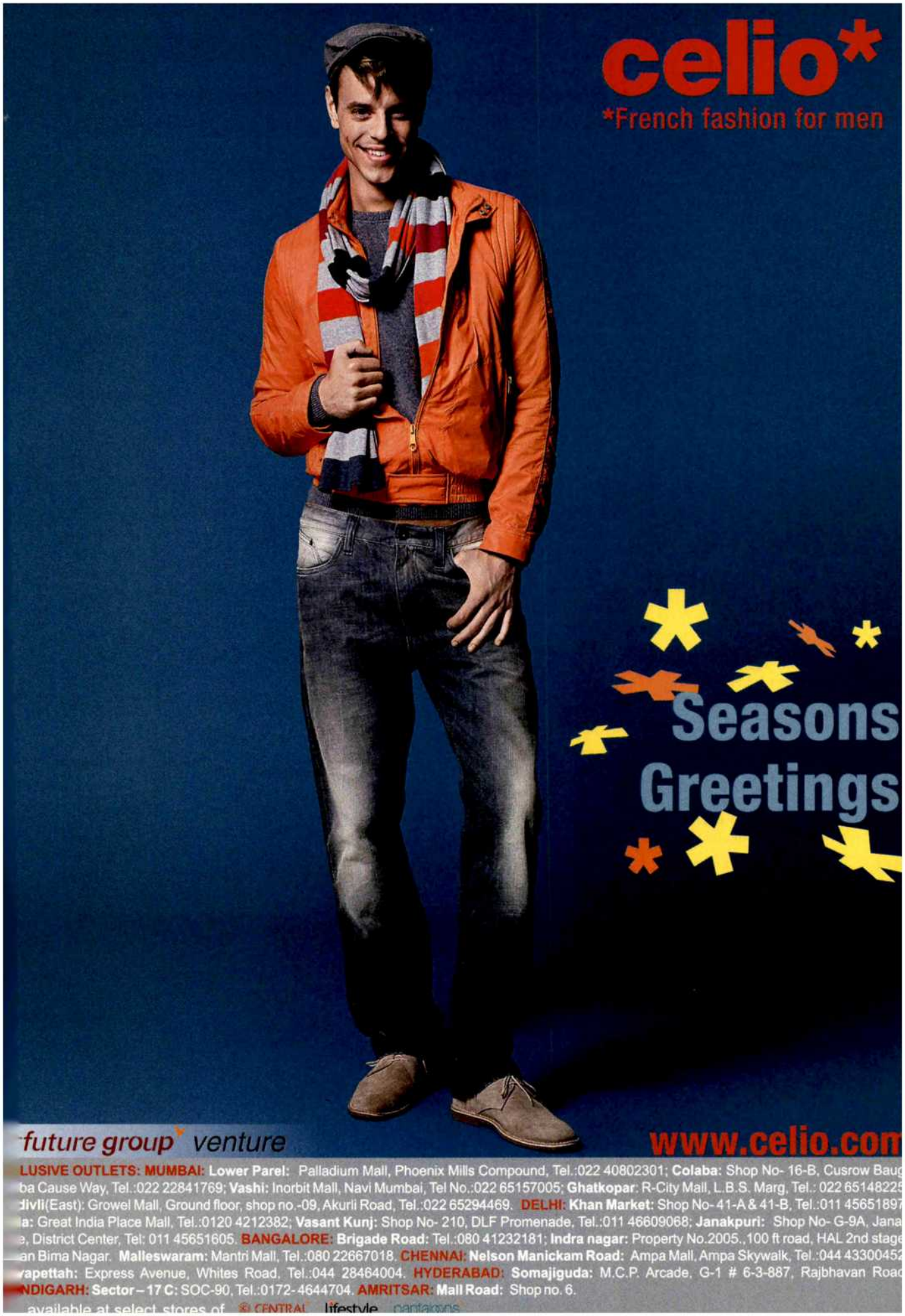
KAPIL

THE RUPEE GAINS HEFT...

- Surging FII inflows into the equity markets
- Growing interest rate differential between India and the developed world

... AND RBI COULD BE FORCED TO INTERVENE

- By mopping up dollars from the forex market
- Imposing capital controls to further stem the rupee rise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Nikon's new shooter and the Aldiko eBook app for Android

Light Weaponry

Nikon D3100

Nikon's new D3100 is the lightest digital single lens reflex, or DSLR, camera, which is both a good and a bad thing. A lighter body means you can comfortably lug it around while you are vacationing. But a lighter body also means keeping the camera steady in your hands will not be easy. Thankfully, the D3100 comes with a Nikor 18-55mm vibration reduction (VR) lens, which significantly reduces the problem as does the new EXSPEED 2 image processor in this machine. The image processor, which helps the 14.2 megapixel sensor capture full high-definition movies, also has an "assist" mode that previews the shot on the chosen settings, and helps even the most amateur photographer take superb images.

- Affordable, light, excellent image quality
- Might be a bit too light for some

Price: Rs 32,950 (Including 18-55mm kit lens)

KUSHAN MITRA

A Handy Device

Aldiko eBook Reader

The problem with eBooks is paying for something you cannot tangibly own. After all, a book, to some of us, is a physical thing. The smell of a new book, the fading calligraphy of your grandfather in a book from your childhood, the pleasure of browsing in a bookstore — these are things that you miss in the digital world.

But the Aldiko eBook Reader for Android is special, partly because it has a library full of free, open-source books. For an application that was pre-loaded free on a review piece of the Samsung Galaxy S, it makes eminent sense. There are a lot of very interesting classics of western literature – Plato, Shakespeare, Tolstoy.

Reading a book on a four-inch screen can be disconcerting at times, but when you forget to pick up a copy of that Murakami book for your flight, reading *The Adventures of Sherlock Holmes* all over again on your phone is not a bad substitute.

The Aldiko eBook reader comes free on Samsung's Android phones, but costs $1.99 otherwise in the Android marketplace.

Web Site

Webcomics to Watch

One of the really nice things about the Internet is that you can read a lot of comics. For free. As more and more newspapers move comics away into the supplements, or do away with them altogether, the online world is becoming the last refuge of the comics nerd. But much like the Internet gave musicians a whole new avenue to distribute music, it has also created a forum for up and coming, and in some cases, highly successful, comic artists. Here are a few, we think, you should check out.

The Oatmeal (www.theoatmeal.com)
XKCD (www.xkcd.com)
Cyanide and Happiness (www.explosm.net/comics)

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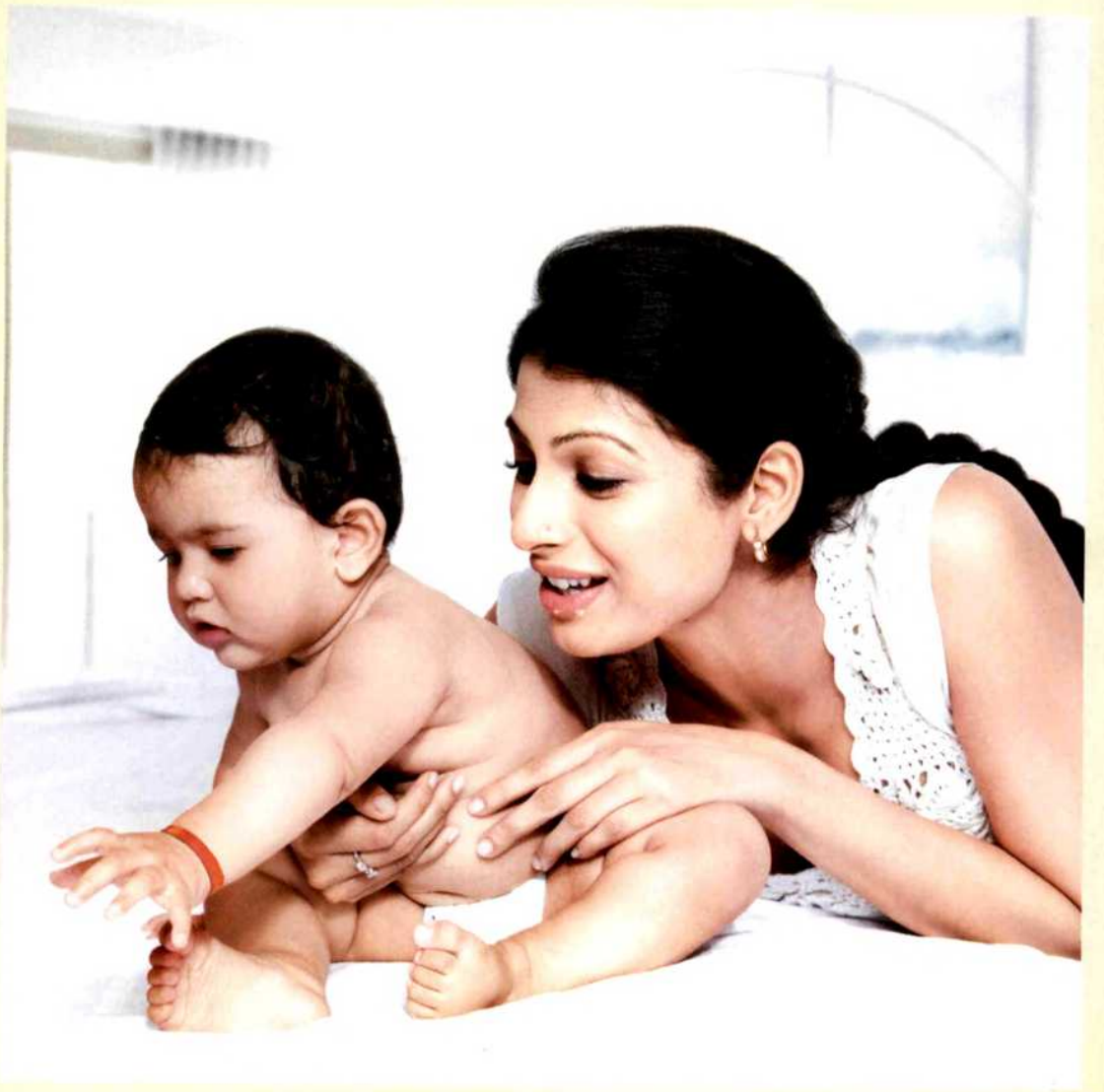

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Q Promise

Our Quality comes from putting our Customer First in everything we do.

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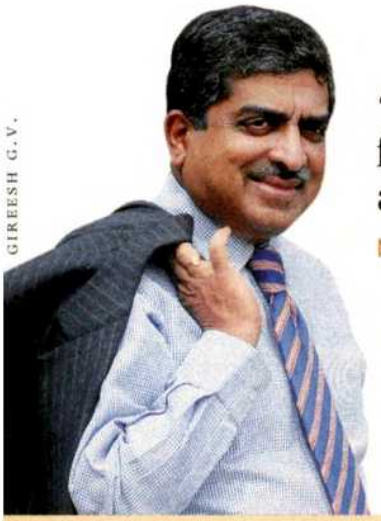
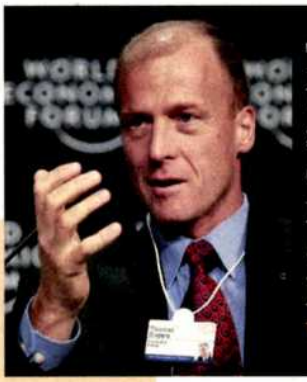


GIREESH G.V.

"A formal proof of identity would be the foundation for better access to services for a large segment of our population"

Nandan Nilekani, *Chairman, Unique Identification Authority of India, in* Business Standard



Taking lessons from the past is only one side of the coin... the other side, and the real art, is to anticipate new problems"

Tom Enders, *CEO, Airbus SAS, in* Mint

"Other than Enron, I do not think anyone came close to the complexity and magnitude of fraud as we have here"

Vineet Nayyar, *Chairman, Mahindra Satyam, on the Satyam scandal, quoted by wire agencies*

VIVAN MEHRA

"There is a cash economy in India. People do not want the transaction to be electronic as they do not want the IT department to look at their spending"

Ajay Banga, *CEO, MasterCard, in* The Economic Times

"In a bid to maximise returns for promoters, investment bankers are not looking at the interests of investors"

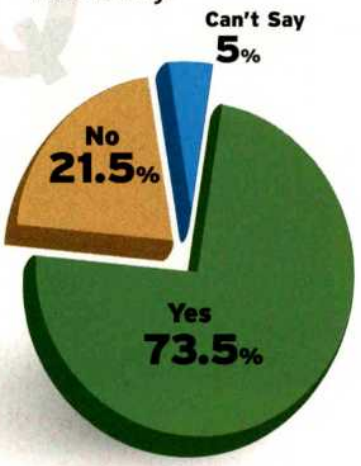
C.B. Bhave, *SEBI Chairman, quoted by wire agencies*

CLASSIC BUSINESS QUOTE

"I have learned the novice can often see things that the expert overlooks. All that is necessary is not to be afraid of making mistakes, or of appearing naive"

Abraham Maslow

Is the spurt in gold prices a bubble in the making?



KULDEEP

Results of BT Online poll;
No. of respondents: 221

The majority feels that the spurt in gold prices is a bubble, and that the prices will correct soon.

Trading sentiment has become extremely bullish with the US dollar dropping to an eight-month low amid speculation that the Federal Reserve may resort to monetary easing. Gold prices and the dollar index generally trend in opposite directions, largely because the dollar is seen as a safe-haven currency. Shifting of investor funds from equity markets to bullion for quick gains was another factor supporting the high metal prices.

Can the prices hold? Likely, if the weakness of the dollar persists. Buying by stockists and jewellery makers for the festival and wedding season in India could also keep prices high. In the medium term, say analysts, a correction appears imminent.

Next poll question:

Should microfinance institutions be allowed to set up banks?

www.businesstoday.in to cast your vote

BT-ERNST & YOUNG

Deal Watch

BIGGEST DEALS IN THE PAST 30 DAYS*

Vijay Mallya: Consolidating the beer business

Vijay Mallya-promoted United Breweries (UB) has decided to merge Millennium Alcobev and its subsidiaries with itself, in what is being seen as a consolidation of its beer business and integration of brewing capacities. Millennium Alcobev, a joint venture between UB and global beer major Heineken, and its subsidiaries account for approximately 10 per cent of India's brewing capacity.

Online education provider Core Projects and Technologies has acquired Georgia-based Technical System Integrators (TSI) and New York-based Keenan and Keenan Group (KKG) for approximately $20 million with a view to expand its footprint in the US education market. This deal will specifically enable Core Projects to provide end-to-end solutions in the K-12 and higher education segments in the US with an expanded service portfolio.

TARGET	ACQUIRER	INDUSTRY	TYPE	DEAL VALUE (Rs crore)	STAKE (%)
SAE Towers Holdings	**KEC International**	Industrial products	Acquisition	447	100
KGS Developers	**Reliance Communications**	Infrastructure	Investment	226	15
Micromax Informatics	**Sandstone Capital, Sequoia Capital**	Telecom	Private equity	205	NA
Millennium Alcobev	**United Breweries**	Consumer products	Acquisition	197	NA
Cholamandalam Investment & Finance	**Aquarius Investment Advisors, Amansa Capital**	Financial services	Private equity	150	NA
Credit Analysis & Research	**A. Birla Equity, Bajaj Holdings & Investment**	Professional services	Private equity	150	10
Vishal Retail	**TPG VW**	Retail	Private equity	102	100
Kale Consultants	**Accelya Holding World SL**	Technology	Investment	98	36
Tech Systems Integrators LLC, and KKG	**Core Projects**	Technology	Acquisition	94	100

Ernst & Young is a leading M&A advisor in India. The data is based on media reports and company announcements. Any decision on the basis of this information should be taken only after professional advice. *Business Today* or E&Y do not undertake any responsibility with regard to any such decision. * As on September 27, 2010. Not a complete list.

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The Making of a Blockbuster

Marketing and publicity begins at the script stage now to ensure box-office success. BY ANUSHA SUBRAMANIAN

Marketing and publicity campaigns have come of age in Bollywood. Remember Aamir Khan turning a barber to promote *Ghajini* or Salman Khan participating in wrestling matches in the run up to the *Dabangg* release? But it is a relatively lesser-known fact that the marketing campaigns of both these blockbusters were handled by specialist film marketing and publicity firms — Spice, Raindrop Media. "In the past five years, film marketing has certainly come of age in Bollywood with innovative marketing techniques being used across various mediums," says Siddharth Roy Kapur, CEO, UTV Motion Pictures.

With the opening weekend becoming critical for the box-office success of movies, producers are now setting aside big budgets for marketing films. There is also a growing clamour for specialist firms. For a small budget film, the marketing cost could be equivalent to the cost of the film. For a big budget film, very often, it is 30 per cent of the overall cost of the film. "Today's audiences have a limited attention span. A movie has to make an impact on the first day of release. Its fortune is decided in three-four days," says Rohini Iyer, Founder and MD, Raindrop Media, which has recently handled the marketing and publicity campaigns of blockbusters like *LSD*, *Once Upon a Time in Mumbai* and *Dabangg*. "The marketing thought process starts integrating with the overall process at the script stage itself. We start thinking marketing at the green lighting stage itself," says UTV's Kapur.

Apart from *3 Idiots* and *Dabangg*, which were both big-starrers and essentially big films, one of the best examples of how powerful marketing can be today is *Peepli Live*. A small, realistic film without any item numbers, its opening day receipts were at least twice as big as some of the big star cast films released during this period. "Innovative promos of the film resonated with the consumers. The film would have otherwise gone unnoticed as yet another good small film, but it was the sheer force of marketing that catapulted that film to another orbit altogether," says Prabhat Choudhary, Head of Spice.

The entry of specialists is a relatively new phenomenon in Bollywood, but given their recent success the trend is likely to gather momentum. Arbaaz Khan, producer of *Dabangg*, sums it up succinctly: "Marketing and promotion is an important aspect of the film, but it is not the only thing that drives a film's success. If the content is not accepted by the audience, marketing alone will not work."

MARKETING WHIZ-KIDS

SPICE:
Welcome, Ghajini, 3 Idiots, Peepli Live

RAINDROP MEDIA:
Main Hoon Na, Yuva, LSD, Once Upon a Time in Mumbai, Dabangg

P 9:
Page 3, Malamaal Weekly, Corporate, Fashion

UTV MOTION PICTURES:
(Film marketing arm)
Swades, Rang De Basanti, Jodha Akbar, Kaminey

NUMBERS OF NOTE

99 mn tonnes
India's expected rice output this kharif season, as projected by the US Department of Agriculture – back at 2008 levels after a lean harvest last year.

Rs 12,000 cr
The value of aromatic rice exports like Basmati from India in 2009-10. It was about Rs 9,400 crore the year before.

82 mn tonnes
India's wheat production in 2010-11. Global wheat production is about 680 million tonnes.

$50 mn
The size of the fund set up by Godrej Industries for investing in agri start-ups.

Rs 2,787 cr
Value of coffee exports in 2009-10 crop year (ending September). It was up 47% from Rs 1,954 crore last year.

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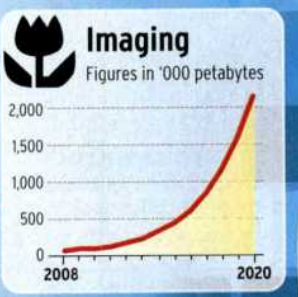
THE DIGITAL EXPLOSION

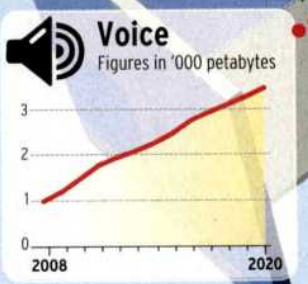
India accounts for a small fraction of the digital universe, but the volume of digital information is expected to increase by 60 times in the next decade. This growth will create complex challenges for Indian IT managers — in information management and storage.

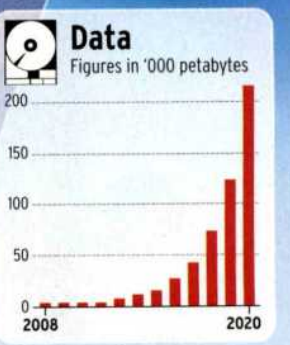
India in Context

Giant Strides

In India, the rate of digital information creation is expected to grow nearly twice as fast as the worldwide rate







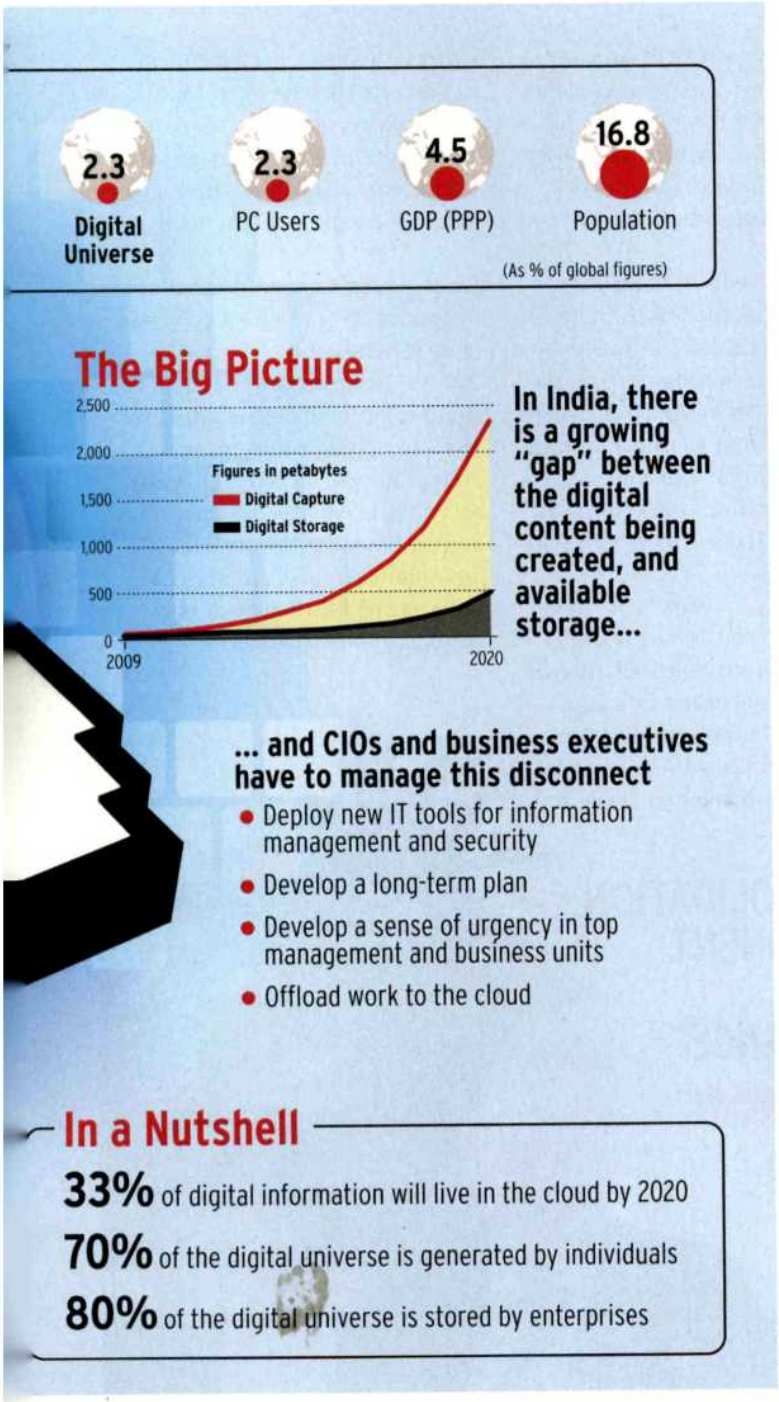
5 STEPS TO HERE
MARUTI'S VOYAGE

1

December 2008
Maruti registers a 27.4 per cent dip in sales (52,711 units in November, y-o-y) thanks to poor economic sentiment.

2

May 2009
Maruti launches Ritz, which sells over 15,000 units in two months.



BT Retro

BT, May 8, 2005

Rajiv's Bajaj

THEN: Five years ago, things were so bad that Bajaj Auto Ltd's (BAL) future as a two-wheeler manufacturer appeared bleak, with the one-time champion getting relegated to fourth position, and profits from two-wheelers non-existent.

Today, BAL is a clear No. 2 with close to a 30 per cent market share, although it is still some distance away from leader Hero Honda, which accounts for one of every two bikes sold. Profitability is not an issue any more, with operating margins in the 15 per cent region, making it one of the most profitable automobile companies in India. "The situation was fundamentally rotten... as a two-wheeler company we might not have existed... today the trend is in our favour," says Rajiv, who began his career at BAL on December 19, 1990 — he remembers the day — after returning from the University of Warwick with a Masters in systems engineering.

Beating Hero Honda, the leader in motorcycles, which sold half of the total 5.2 million mobikes in the market last year, and regaining the tag of No. 1 two-wheeler manufacturer in India, is, of course, a priority. But these days Rajiv (38) along with brother Sanjiv (36) is seeing a bigger picture — a picture not just restricted to the domestic market, but one that is painted across close to 90 per cent of the global market for two-wheelers.

NOW: Bajaj Auto has lost some of the momentum. Its market share has slipped to about 25 per cent, thanks to production constraints at its plant and rapid expansion by its competitors.

3

April 2010
Maruti discontinues sale of its iconic 800 model in 13 major cities as new emission norms are put in place.

4

May 2010
With economic sentiment picking up, Maruti sales cross 100,000 a month for the first time.

5

October 2010
Sales jump up by 30% to 108,006 vehicles – Maruti's highest ever – in September from 83,306 units in the same month a year earlier.

T.V. MAHALINGAM

SHEKHAR GHOSH

"B-SCHOOL CURRICULA BIG ON INDIA, CHINA"

SIR ANDREW LIKIERMAN, *Dean of the London Business School, was in India recently to promote the institute's new executive programme being offered in Dubai. He spoke to* **BT's ANUMEHA CHATURVEDI.** *Edited excerpts:*

"The London Business School and India share extremely close links. Ten per cent of our students, 10 per cent of our faculty, and 10 per cent of our governing body come from India. We have as many students from India in LBS, as Britain.

"As a school, the LBS constantly updates its curricula in sync with the global trends. When I joined, all the case studies were about the United States. About 10-15 years ago, the focus shifted to Europe. Now, the focus has shifted to developing economies like India and China, and we have a lot of case studies on the two. We have over 1,000 alumni in India, and we are very sure that the number will consistently increase. So, we would like to be a part of the India story as it develops into a major powerhouse."

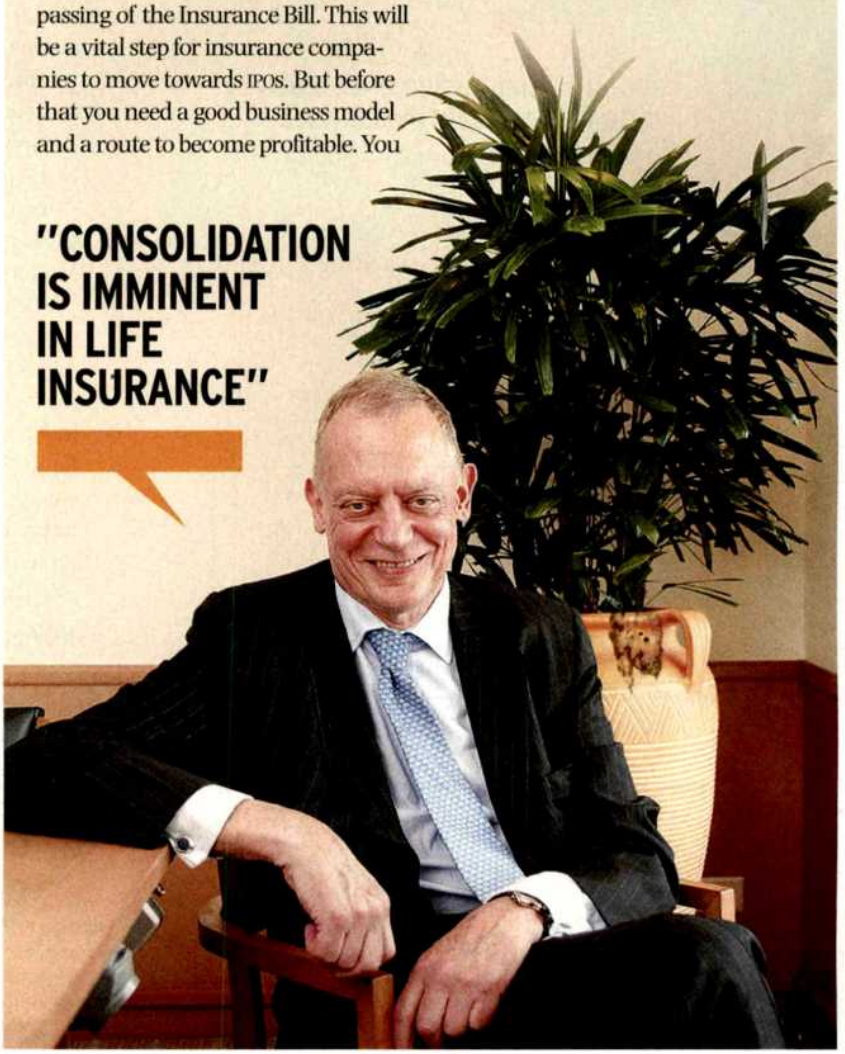
"CONSOLIDATION IS IMMINENT IN LIFE INSURANCE"

GERRY GRIMSTONE, *Chairman of Standard Life plc, is confident that the British company's life insurance JV with* HDFC *will be profitable. On a recent visit to India, he spoke to* **BT's ANAND ADHIKARI.** *Edited excerpts:*

On the fragmented life insurance market in India: I think the nature of this market is that eventually you will have consolidation. Some of the weaker insurers will find it difficult to carry on and may go with a stronger player. But certain companies like ours are very close to a tipping point and will soon churn out profits.

On the policy framework in India: We are all looking forward to the passing of the Insurance Bill. This will be a vital step for insurance companies to move towards IPOs. But before that you need a good business model and a route to become profitable. You also need a consistent landscape of regulations. We have seen a lot of changes in regulations in the past. You cannot invite investors to invest in insurance companies if the regulatory background keeps changing.

On commission structure in insurance: We are a huge supporter of no commissions to agents. We were the first company in Britain to stop paying commissions almost six years ago. I believe that insurance and savings products should be sold according to what a customer wants and not based on the commissions. You cannot remove commissions in India overnight. This can be only done in a phased manner.



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HONDA

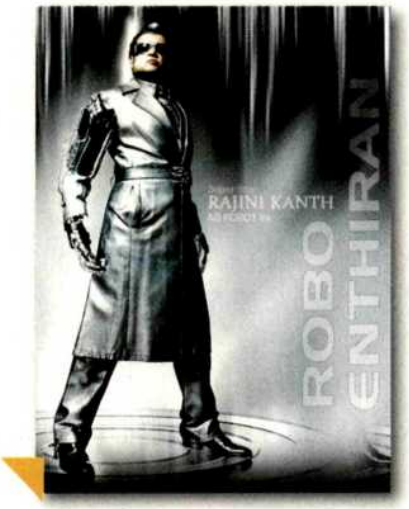
HOW THINGS WORK

Humanoid Robots

In the latest Rajinikanth flick *Robot*, the Tamil superstar plays an Android robot called Chitti which looks, walks and talks like a human being (Rajinikanth to be precise). Chitti also dances, falls in love and eventually hopes to, ahem, procreate with the lissome Aishwarya Rai to spawn a new species called Robo Sapiens. In reality, robots are far away from achieving such a feat, but scientists in Italy created a humanoid robot which taught itself how to use a bow and arrow. The humanoid called iCub took eight turns before it hit the bull's eye.

Humanoid dawn

A humanoid is a robot with its overall appearance based on that of the human body, allowing interaction with made-for-human tools or environment. Androids take it a step further by aesthetically resembling a human.



Nuts and bolts

Among the features of a humanoid robot are self-maintenance (minor repair, recharging), ability to learn and adapt to environment and interacting with human beings. Broadly speaking, humanoid robots use sensors and actuators to achieve human-like behaviour. Topio, a 188 cm, 120 kg heavy robot developed by Vietnamese firm Tosy, can play ping pong.

COMPILED BY T.V. MAHALINGAM, PUJA MEHRA

JUST WONDERING

A Policy in Rehab

Whatever happened to the Union government's intention to reintroduce the National Relief and Rehabilitation (R&R) Bill in Parliament? The UPA government had kicked off an overhaul of the existing laws in 2007 after the controversy over Tata's Nano project in Singur. A UPA Group of Ministers had studied the more-than-100-year-old governing legislations and prepared an R&R policy that defined the rights of those affected by a project and the duties of those displacing them. The UPA had also introduced two Bills for amendments to the Land Acquisition Act, incorporating the proposals in Parliament during the Winter Session of 2007. Unfortunately, the Bills lapsed in the Rajya Sabha with the dissolution of the 14th Lok Sabha in 2009. Last heard a proposal for the R&R Bill 2010 — a change of merely one digit from 2009 to 2010 in the Bill that lapsed — has been shuttling between the Cabinet Secretariat and the Ministry of Parliamentary Affairs.

Quirky

The Bandelier Man

KAPIL

Time is not on Lalit Modi's side, both metaphorically and literally. Following Tharoorgate, the former IPL commissioner has been booted out from his official post as the IPL boss, and is now entangled with the BCCI in a messy legal battle. The latest pie in the face for Modi came from BCCI President Shashank Manohar, who wants to know what Modi did with a bunch of luxury watches. According to the BCCI, Modi made away with 24 Bandelier luxury watches (the official IPL watch) that were priced between Rs 45,000 and Rs 200,000. The BCCI has claimed that it has e-mails from the Swiss watchmaker to substantiate the allegation. Looks like this is one score Modi might find it tough to keep up with.

Snoot Corner

"Baby Mama Jets"

Rapper Kanye West calls them "baby mama jets", but the rest of the mobile world refers to them as private jets. Or depending on who is sipping the champagne, a corporate jet. The Big Bird among private jets is the Gulfstream G550. With a price tag of almost $60 million, this jet has two Rolls Royce engines and can travel over 6,700 nautical miles. Cannot afford a Gulfstream? Do not despair. You could pick a Boeing Business Jet 2 (stripped down version priced at $55 million), a Bombardier Global Express XRS ($47.7 million) or a Dassault Falcon 7X ($41 million). If even these sound overpriced, then there is always business class in any international airline – the air hostess will tuck you in.

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BY ARVIND P. DATAR

Foreign Buyers Beware

H.K. RAJASHEKAR

The Vodafone decision, as expected, was appealed to the Supreme Court where the Attorney General reportedly wanted Vodafone to deposit 50 per cent of the tax demand of Rs 12,000 crore. For the time being, the Supreme Court had asked the apportionment to be done by the Income Tax Department before the question of stay could be decided. The case may be taken up for an early hearing in view of the enormous tax liability and the far-reaching consequences that the Bombay High Court decision may have for other acquisitions of business interests in India.

The recent decision of the Bombay High Court was the second round of litigation. The basic issue concerned the purchase of one share in a Cayman Islands company which, through more than 20 offshore companies, held indirect interest to the extent of more than 50 per cent in Hutchison Essar Ltd. (HEL). This overseas purchase of one share by a Vodafone company from a Hutch company resulted in Vodafone stepping into the shoes of Hutch in HEL. The name of the Indian joint venture company was then changed to Vodafone Essar Ltd. In the past, the Income Tax Department had never questioned such transfer of shares even where the consequence was the transfer of business interests in India. Transfer of shares of an overseas company by one non-resident to another interest never resulted in any taxable income (or capital gains) in India. What perhaps attracted the attention of the Department was the sheer size of the transaction and it alleged that Vodafone should have deducted tax at source on the $11 billion paid to Hutch because the gains made by Hutch were chargeable to income tax in India.

The stand of Vodafone was that it had only purchased the shares from Hutch and the consideration was paid abroad. As no assets were transferred in India and no income accrued or arose to Hutch in India, there was no liability. Vodafone cited several decisions in its favour that had clearly held that even if all the shares of a company are purchased, it would not amount to acquiring assets of the undertaking. Shareholders are not the owners of a company's assets and even the purchase of a 100 per cent shareholding would not make the buyer of shares the "owner" of the company's assets. Interestingly, under Section 29(1)(b) of the old Foreign Exchange Regulation Act, 1973, a non-resident could not acquire any part of an undertaking in India without the prior permission of the Reserve Bank of India. About 40 per cent of the shares of Shaw Wallace were held by four companies in the United Kingdom. These shares were acquired by a Hong Kong company owned by the late Manu Chhabria and the agreement itself stated that the purchase of these shares would result in indirect control of 40 per cent of the share capital of Shaw Wallace in India. The Enforcement Directorate argued that the purchase of these shares resulted in acquisition or control of Shaw Wallace without the permission of the Reserve Bank of India. But the plea that such purchase of shares, in effect, amounted to acquiring the assets was rejected.

As regards controlling interest, the Madras High Court and the Madhya Pradesh High Court had held that a controlling interest was an incidence of shareholding and would enhance the value of shares but "controlling interest" had no independent existence. A number of other cases clearly demonstrated that a sale of shares in Cayman Islands would not amount to transfer of assets in India.

Without any discussion of how these cases were inapplicable to the Vodafone case, the Bombay High Court held

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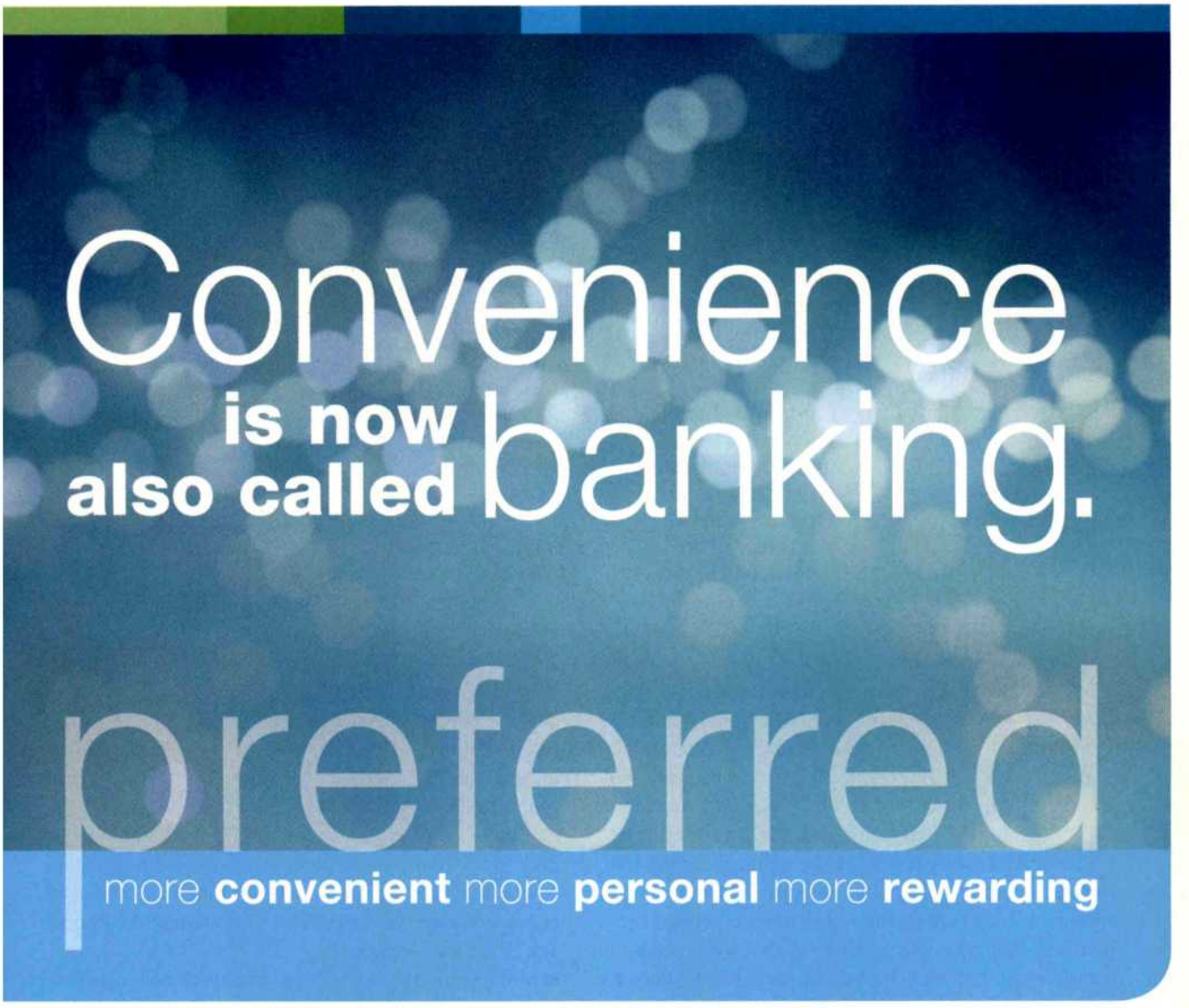

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that the payment of $11 billion was for the acquisition of a panoply of entitlements, including a control premium, the use of and rights to the Hutch Brand in India, a non-compete agreement with the Hutch Group, the value of non-voting non-convertible preference shares, various loan obligations and entitlement to acquire a further 15 per cent indirect interest in HEL. Therefore, it would be too simplistic to assume that the transaction involved the transfer of just one share in a Cayman Islands company. In fact, it was a composite transaction covering a complex web of structures and arrangements.

EXISTING LAW	COURT'S VIEW
"Controlling interest" cannot be transferred separately	Controlling interest has been transferred and should be reckoned for taxation
Transfer of even 100% shares does not amount to transfer of the assets of the undertaking	Transfer of 67% shares in Hutchison Essar Ltd. has resulted in transfer of assets
A composite contract or an indivisible contract cannot be divided into its component parts	The principle of apportionment can be used to determine the assets that have been transferred in India
Transfer of shares by one non-resident to another non-resident will not be treated as a transfer of assets or transfer of an undertaking in India	Entitlements that flow out of holding of share can be dissected from the ownership of a share: the transfer of one share was not enough to consummate the transaction

After accepting that controlling interest is not a separate asset, the court later held that there was a transfer of controlling interest. There is a serious disconnect between the earlier parts of the judgment, which reiterate all the legal principles involved, and the latter part, which proceeds to hold that part of the income of Hutch arose in India. For example, if a foreign company has an independent subsidiary that owns several hotels in India, and shares of the holding company abroad are purchased by another foreign company outside India, can anyone say that what has been transferred in law is a complex web that includes immovable property, bar licences, other permits and so on? What the foreign company has purchased is just a share and the consequence of such purchase is the acquisition of control over the Indian assets. Similarly, if an Indian company owns assets or undertakings in five countries and shares of these are purchased by another Indian company in India, can anyone say that there is a transfer of individual factories, warehouses and other business assets situated in the five countries? Can it be further argued that capital gains arise in India on the sale and purchase of these shares and further income arises in each of those five countries as a result of consequent acquisition of control over the assets in the five countries? The Bombay High Court decision is seriously out of line with the basic principles of company and tax laws.

The court then spelt out the "doctrine of apportionment". When there are composite activities and one component of an income arises in India, the Indian tax authorities have the jurisdiction to tax that amount. Having said that, the court observed that it was for the income tax authorities to apportion the income and determine what portion arose as a result of a nexus with the Indian tax jurisdiction and what arose outside. The net result is that the entire amount of $11 billion will not be liable to tax but only a portion thereof will be liable.

What that portion will be is, literally, a billion-dollar question. Below are some consequences of this verdict, and the precautionary steps that must be taken by foreign companies who wish to acquire businesses in India.

- If the purchase of shares or assets takes place within India, then the seller/transferee will be liable to Indian income tax. The foreign buyer will have to deduct tax at source under section 195(1) of the Income tax Act, 1961.
- If only a part of the payment is taxable, the foreign purchaser should make an application to the assessing officer under section 195(2). At this juncture, care must be taken to examine the relevant provisions of the Double Tax Avoidance Agreement.
- A share purchase agreement should preferably confine itself to the shares alone. If there are other assets distinct from shares that are transferred, they should be dealt with in a separate agreement.
- If the acquisition of shares in a foreign company results in control of the undertaking in India and other countries, what is the apportionment of profits that are attributable to the Indian undertaking?

The verdict of the Supreme Court is now eagerly awaited all over the world. It must lay down clear principles that can determine, with reasonable certainty, the tax liability in India. Till then, those acquiring business interests through the purchase of shares in a foreign company must take into account tax disputes as an unwanted part of the baggage. ◆

The author is a Senior Advocate of the Madras High Court

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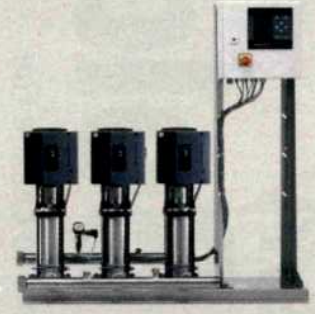

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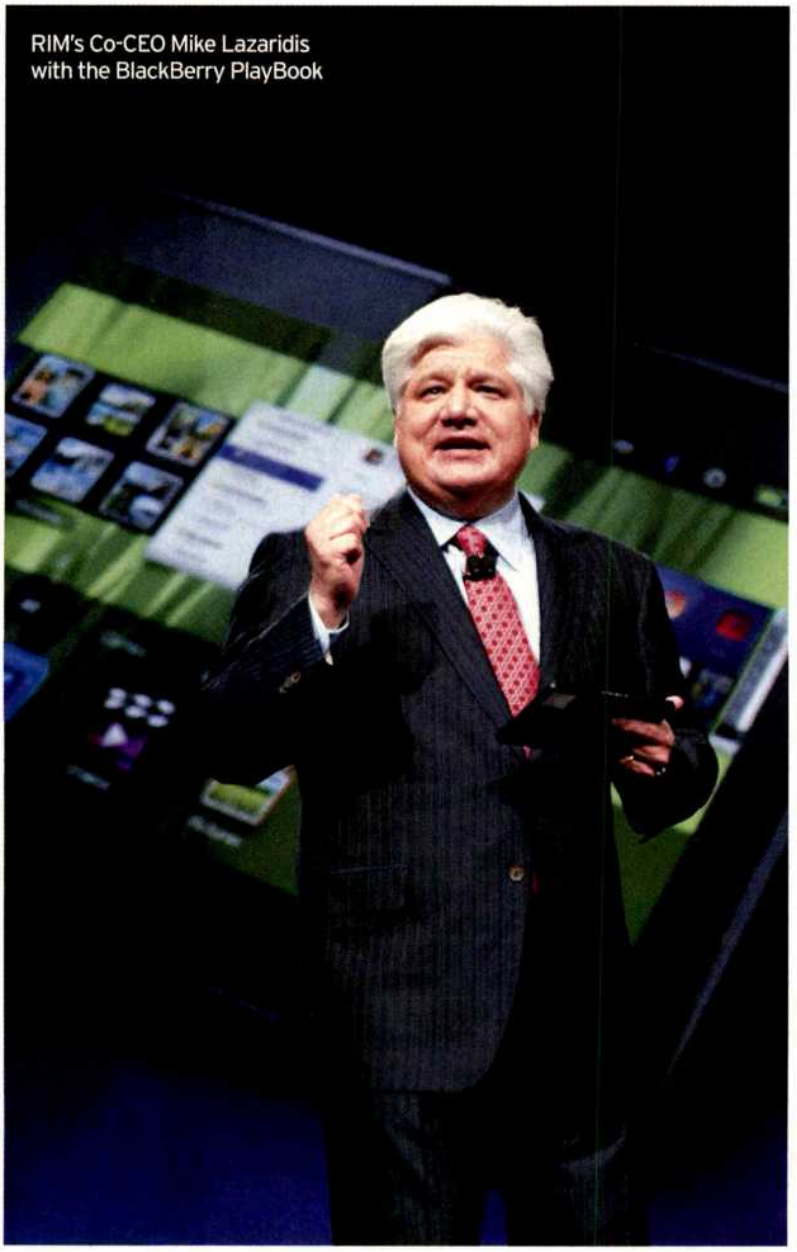
BlackBerry Gets Bold

How Research In Motion plans to change the image of its devices. BY KUSHAN MITRA



RIM's Co-CEO Mike Lazaridis with the BlackBerry PlayBook

PHOTO COURTESY: HARTMANN STUDIOS FOR RIM

Karishma Sahi, a 28-year-old production executive at an ad film-making firm in Mumbai, swears by her BlackBerry Curve. But she does not have her corporate e-mail on the device — something that millions of managers all over the world are slave to. For that matter she does not even have a corporate e-mail address that she uses. Instead, she loves the BlackBerry Messenger, or BBM, a secure chat service that can be accessed by all BlackBerry users. She is, as Vodafone put it in its popular new television commercial, one of the new-generation "BlackBerry Boys".

As Canadian firm, Research In Motion, or RIM, the maker of BlackBerry devices, faces off with the Indian government (see *On or Off?*) on a tussle regarding national security and access, it has a more fundamental challenge in the marketplace posed by other devices like Apple's iPhone and Google's Android operating system. One way to do that is to reach out to a class of consumers other than those who populate boardrooms. In other words, customers like Sahi.

RIM can also attract new customers with new products. At the RIM Developer Conference, DevCon 2010, in San Francisco recently, when Mike Lazaridis, Co-CEO, strode onto the stage, he might have lacked the gravitas and the black turtleneck of a Steve Jobs, Apple's iconic CEO. But the cheers and whistles from the crowd at the Moscone Center were no less vigorous. And when he took out the new BlackBerry PlayBook, the cheers reached a deafening crescendo. This tablet, which Lazaridis touted as "an enterprise-ready" device with the ability to run several applications concurrently (multitasking), is being positioned by RIM as the "anti" iPad, the tablet produced by Apple.

The PlayBook promises to allow users to sync data seamlessly with a BlackBerry handset and also run all

the enterprise software and collaboration tools that are on a BlackBerry. Lazaridis did not hesitate to state over and over again that the endeavour was to "make it appeal to Chief Technology Officers". This is despite the fact that the PlayBook will use a fundamentally different operating system, made by a company called QNX Software Systems, which RIM acquired last year.

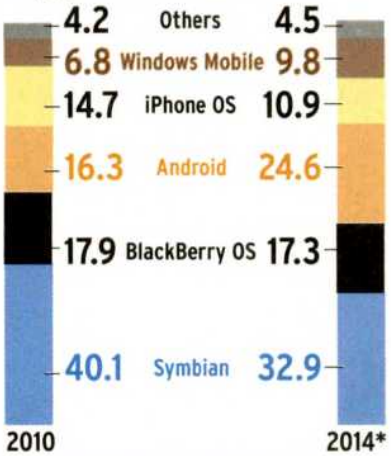
However, QNX Software, which also powers the Multimedia Interface in Audi and the iDrive system in BMW vehicles, is optimistic that its software will give BlackBerry the edge over the iPad with CEO Dan Dodge mentioning that the PlayBook will integrate the work and home environments. "You will be able to have a work application running on the PlayBook while playing a full high-definition movie on the device, which could be plugged into a display," says Dodge.

While the new device, undoubtedly, got most of the attention, its hardware specifications and enterprise capabilities will probably mean that by the time it launches in early-to-middle 2011, it will be an extremely expensive device. And it still does not answer the question: With what does RIM go after younger users? According to David Yach, CTO of Software at RIM, the solution lies in getting developers to make more applications (apps) for BlackBerry users as well as getting those apps to interact with users more effectively.

BlackBerry may be a market leader in smartphones in several countries but, according to research firm IDC, it falls far behind when it comes to applications. It has its own apps store called BlackBerry App World, which has around 10,000 applications. Compare that to Apple's iTunes App Store, which has over 225,000 applications for both iPhones and iPads; and the Android Marketplace, which is nearing 100,000 applications.

The first change, which RIM believes will lead to development of more applications, is something called the "WebWorks" development platform. Yach believes that this simple development tool should allow people with just an under-

Android: BlackBerry's Biggest Threat?



Figures are market shares of worldwide smartphone operating system in per cent *Projections
Source: IDC Worldwide Quarterly Mobile Phone Tracker, September 7, 2010

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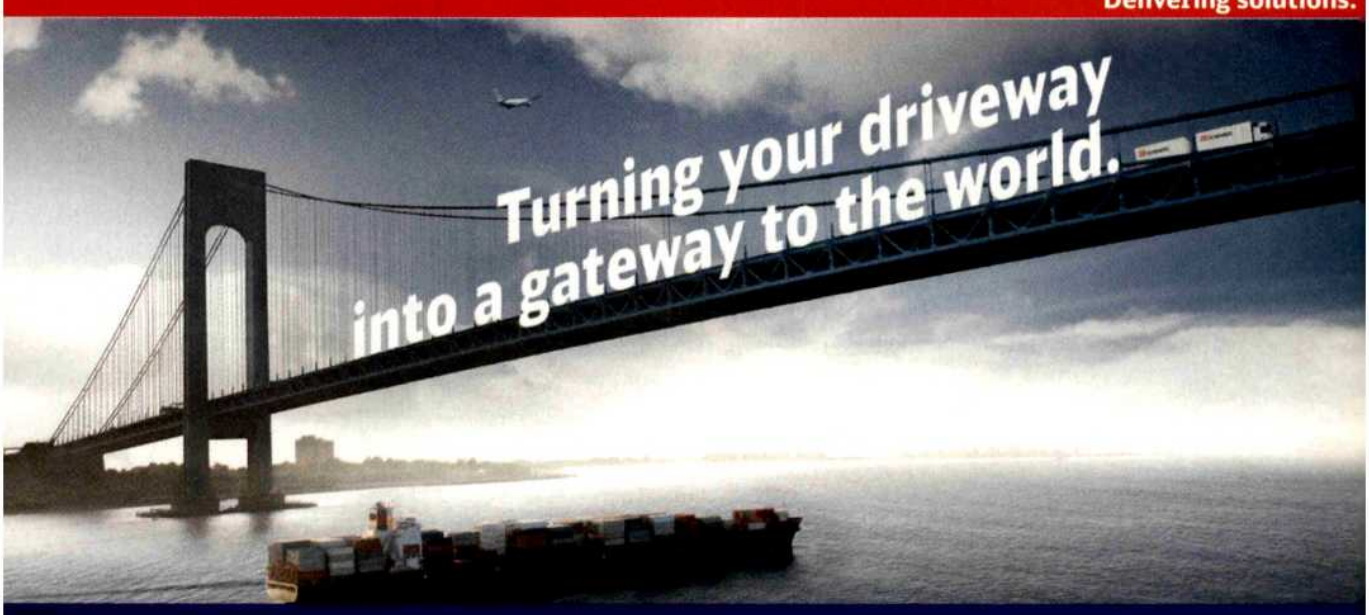

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ON OR OFF?

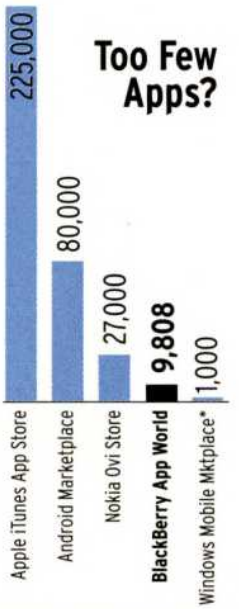
As Research In Motion, or RIM, competes with Google and Apple for new users, it finds itself in a piquant situation in India. The Home Ministry is upset that BlackBerry encrypts communication between devices via a server in Canada — which means that intelligence agencies in India cannot access these mails and messages. The government has warned that if it is not able to monitor e-mails and SMSes, BlackBerry will have to put up the shutters on its Indian operations — and bid adieu to over a million users. The fear is that American intelligence and security agencies can snoop on BlackBerry Enterprise Server e-mails (or corporate e-mail) and BBM.

RIM executives feel that they are being unfairly targeted, arguing that any virtual private network, or VPN, on the Internet is encrypted and that they should not be targeted alone. This led to one government official being quoted as saying that the government would target all VPN services, not quite realising that doing so would cripple the concept of the Internet. After all, if you telecommute or even access your office e-mail from a remote location, you are in effect using a VPN.

The issue was to be solved by early September, but RIM was given two more months to find a solution. The extension seems to coincide with US President Barack Obama's visit and, even though RIM is a Canadian company, Obama is a devotee of BlackBerry. Indian security agencies, apparently, want to explore just what sort of access the US really has. Watch this space for more.

standing of HTML (the simple computer language the Internet is coded in) to make applications for BlackBerry devices. "We have even waived the application fee for developers as well as the submission fee for a short time," adds Yach. In addition, RIM (like Nokia's Ovi platform) is also talking about operator billing for apps bought through App World. This, according to Lazaridis, should help in countries such as India, Indonesia and in Latin America where payment systems are not well developed as yet.

The other major change is BlackBerry opening up the BBM platform to developers. "Doing this will allow developers access to a powerful platform that has over 28 million users worldwide and is adding one million new users every month," says Yach. The concept is simple: If a user opens an application that has access to BBM and his or her friends on the BBM list also have that application, they could do an in-app chat. So, for example, if two or more users are playing a game such as poker on their BlackBerry devices, they can now possibly chat with each other from inside the game itself. "This will add a whole new level of interaction to our applications," says Yach, who, in fact, describes these applications as "Super Apps".



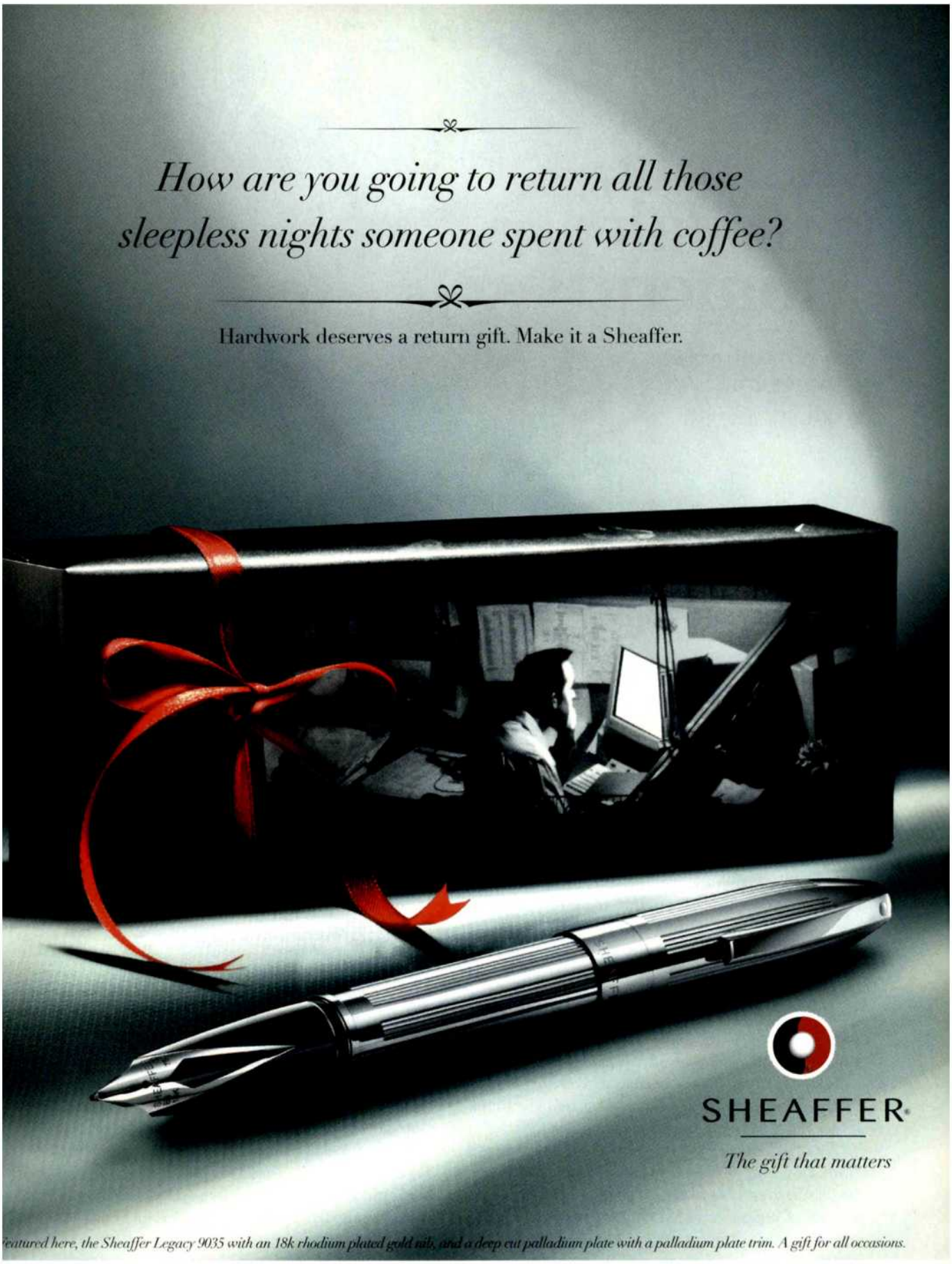
*Being replaced with Windows Phone Marketplace when Windows Phone 7 is launched later this year
Source: Distimo, an app store analytics company

Critics argue that RIM had no choice but to open up its app store to more developers, as the latter find themselves in the enviable position of being chased by device manufacturers (other than Apple). The enticements offered by RIM to developers are also being matched by Nokia's Symbian as well as Microsoft for its soon-to-be-launched Windows Phone 7 platform.

RIM, however, is in a very strong position currently, selling over 10 million devices worldwide in the last quarter as well as crossing the million user mark in India. Yet, IDC predicts that Google's Android will overtake BlackBerry OS as a smartphone platform in device sales globally this year. Piper Jaffray, a telecom consultancy, argues in a recent report that RIM should even consider moving over to Google's Android operating system. "Over time, we do not see the benefit of RIM and Nokia continuing to push proprietary software that cannot compete with the market and eventually expect one or both to capitulate and move to utilising third party software," writes Jaffray.

BlackBerry might want to move on beyond the suits, but at least the suits were, and are, loyal. The problem with the new generation of "BlackBerry Boys" is that like everyone else in their generation, they switch loyalties surprisingly quickly. If BlackBerry is to contest the prophesies of doom, it should hope that the "BlackBerry Boys" do not become 'Android Dudes' or 'iPhone Guys'. ◆

Travel to BlackBerry DevCon was sponsored by RIM



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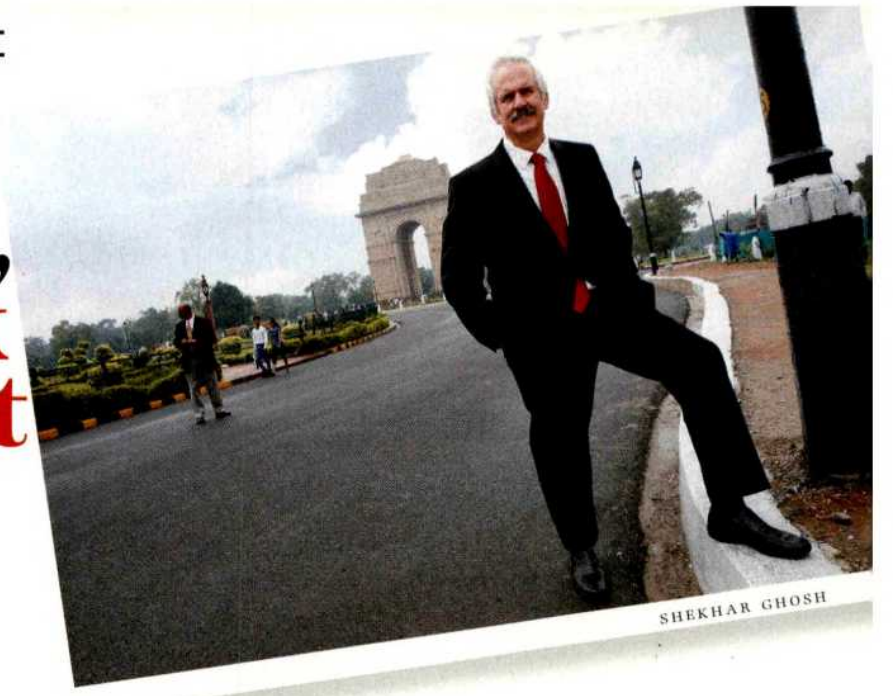
In India, a Kodak Moment

The former film giant reinvents itself.

BY SHALINI S. DAGAR



SHEKHAR GHOSH

India's numbers and volumes stun him. But, as Philip Faraci, President and Chief Operating Officer of Eastman Kodak, says: "I am interested in being surprised." Faraci was in India in September on his first visit since he took over his current charge in 2007. It is not that he has been ignoring India, but his earlier scheduled visits had to be cancelled because of the November 2008 terrorist attack in Mumbai and US travel advisories.

Faraci, 55, spent nine days in India studying the outlier in the global recession. Kodak India has been growing at over 50 per cent in its digital business (yes, it still has film products) and is currently No. 2 in digital consumer cameras after Sony.

For a company synonymous with film and photography, the past decade has been a close shave as the world went digital. If the digital revolution changed the heart of its business, the global economic crisis changed its markets.

Kodak now calls itself an 'imaging innovator', and claims that it touches most of the world's images in one form or another. "We touch about 40 per cent of all commercially printed pages. We are used in packaging and even some specialised manufacturing," says Faraci, a Hewlett-Packard veteran of 22 years who joined Kodak in 2004 as director of the inkjet systems programme after stints at two other companies.

Kodak has found its strength in two core technology areas — material sciences and digital imaging— that it applies to graphics, imaging and communications.

And the tide seems to be turning: after seeing business shrink for years, the company is growing again. Faraci, a specialist in the printers business, points out that while the number of images captured on film is way behind the number of digital images, the volume of printed images continues to grow. "There are more pictures today than there were five or 10 years ago," he says.

Kodak is trying to ride this wave by introducing technology for framed photo collages, scanner-friendly photo film and a video camera that looks like a mobile phone.

Kodak is also looking at its geographic mix closely. With three quarters of its business coming from the anemic markets of the US and Europe, it is time to focus on the areas that account for the rest of the business. No surprise then, that Faraci's visit to India was part of a six-week trip to Asia — and he intends to be back in early 2011.

Faraci had come looking for new businesses, new models and maybe even new partners. While the market in India has many more segments that in the West, each segment means big numbers, he says. "I see some unique opportunities here," he says, noting the large numbers of high-circulation newspapers. Kodak is a leader in CTP or computer to plate printing used by newspapers.

> **"It is important to get the growth out of India into other parts of the world"**
>
> Philip Faraci, President and COO, Eastman Kodak

Faraci declined to discuss numbers, but said Kodak's investments in India can only grow, together with the headcount of 250 at present. "It is just as important to get that growth out of India into other parts of the world. Don't miss that. That is a big opportunity," he says pointing to the role that India can play. For instance, it is exploring the possibility of developing products here.

Faraci looks at the big picture and leaves the pixels to Ravi Karamcheti, Managing Director of Kodak India, who aims to increase the business by three times over the next five years. Now that is a pretty picture for Faraci to take home. ◆

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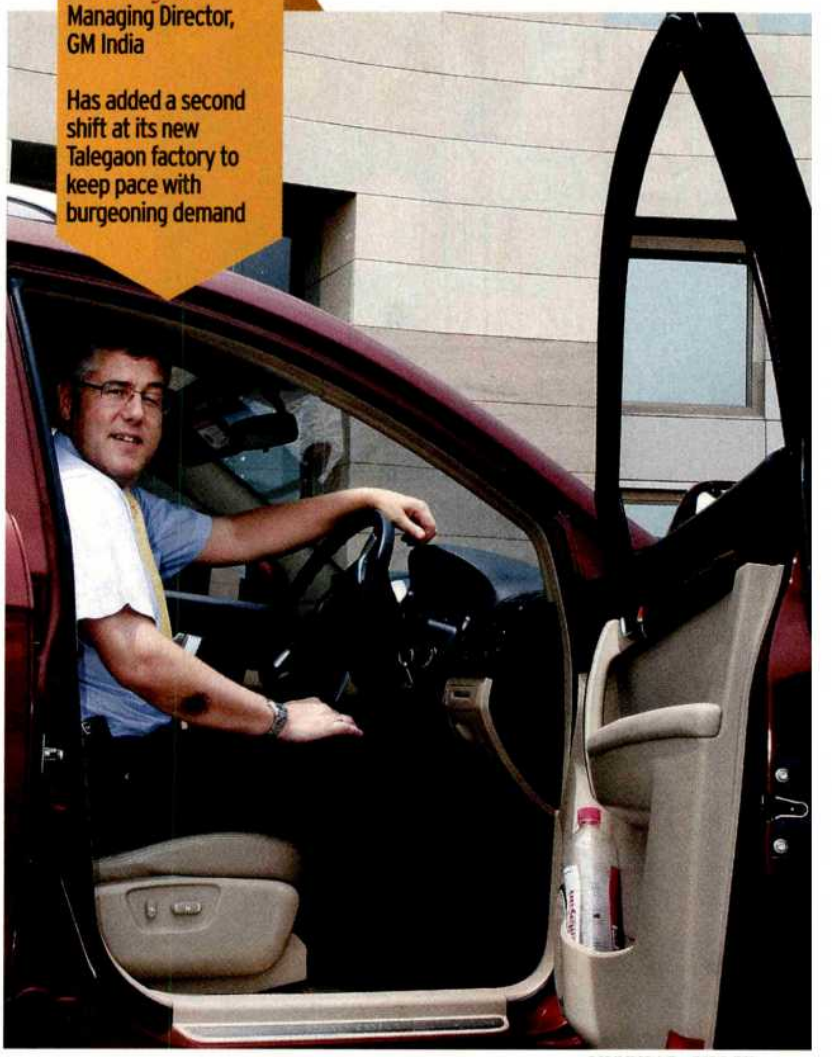


Karl Slym
Managing Director, GM India

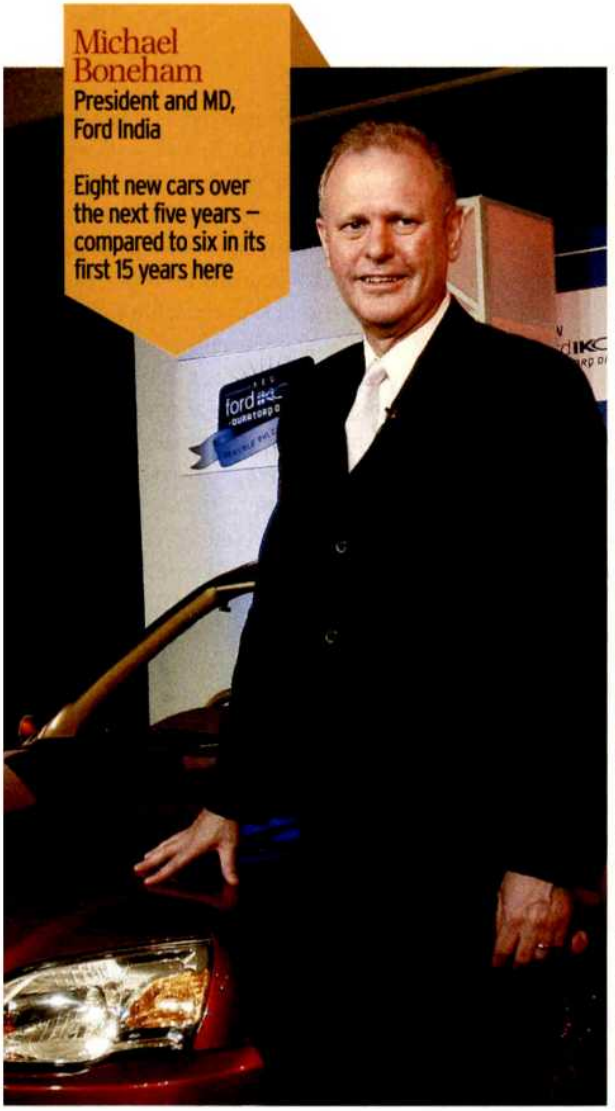
Has added a second shift at its new Talegaon factory to keep pace with burgeoning demand

SHEKHAR GHOSH

Baby You Can Drive My Car

Cars are being bought like there won't be any left and manufacturers are storming the market with launches to ensure that won't be the case.

By Kushan Mitra



UMESH GOSWAMI

The Marketing Times car showroom at Savitri Commercial Complex in South Delhi is bustling with customers, even on a weekday. The Maruti Suzuki outlet is hurriedly taking orders for the festive season and several customers are testy that deliveries could take over a month. The scene is no different a few kilometres down the road on Delhi's Mathura Road at Nath Nissan where dozens of new Nissan Micras are parked at the dealership for delivery.

Up and down the country at various dealerships, no matter which manufacturer's brand is on the signboard, times have never been better. Discounts? Salesmen will laugh in your face if you mention the word.

The high growth of the Indian automotive industry is not without its own set of problems. The most obvious is factories choking on demand — despite new capacity coming up rapidly at carmaker premises dotting the country. The Renault-Nissan combine has put up a 400,000 unit-a-year plant outside Chennai, which only recently started production of the new Micra. At General Motors' new factory at Talegaon outside Pune, the carmaker has "just added a second shift to keep up with demand," explains Karl Slym, Managing Director, GM India. Toyota Kirloskar Motors has brought forward the expansion plan for its factory at Bidadi outside Bangalore. A chunk of Suzuki Motor Company's Rs 1,300-crore fresh investment in Maruti Suzuki India will go into adding capacity of 700,000 cars by 2013 to a factory that already rolls out one million cars a year.

With total Indian passenger vehicle sales expected to cross two million units for the first time in 2010-11, according to JD Power and Associates, a market tracking agency, the increase in capacity is just about enough to keep up with burgeoning demand. So much so that India's position as a global small-car hub, which has ambitions to cater to demand from as far as

KULDEEP

Marrakesh to Monte Carlo, is under threat. Not from a lack of overseas demand — but from too much domestic demand.

That demand is alive and kicking even at a time when banks have had little option but to hike lending rates. After all, since April 2009, the Reserve Bank of India (RBI) has increased repo rates by 1.25 per cent in a bid to curb inflation. The repo rate is the rate at which banks borrow money from the RBI. But, as Arvind Saxena, President, Hyundai Motor India Limited (HMIL) explains: "Banks are lending again and interest rates for car loans have only increased by 1 per cent or so at the most."

So what explains the buying binge? Answer: Pent-up demand after a slow 2009, points out Saxena. Example: the Hyundai i20. HMIL has been forced to stop exports of 4,000 or so i20s that it would ship every month from India, with its parent moving that production to Turkey. "We are selling 7,000 i20s a month right now in India. Did I believe such numbers were possible a year ago? No," says Saxena.

But is the increased demand also a sign of how buoyant India's informal or "black" economy is doing? Vikas Sehgal, Partner at Booz and Co., certainly believes so. "I think this (black) economy is growing at close to 20 per cent, and that is the reason high-end car sales are booming. That said, India will maintain its 'pyramid' structure of car sales, with mini and sub-compact cars still dominating the market."

For the beleaguered US car makers, the growth in India is just the kick-start they needed. Ford Motor Company and General Motors entered the Indian car market soon after it was de-licensed in 1993, but have been unable to break through in a big way. Until recently. Ford introduced its first small car in India, the Figo, earlier this year, and sales — of some 50,000 units since launch in March — have surprised even Michael Boneham, the Australian-born boss of Ford India. "There is so much latent demand for cars in India which, despite the seeming infrastructure problems, is pleasing," he says. So pleased is Ford with the success of the Figo that it plans to introduce eight new cars in India over the next five years — compared to the six it launched in its first 15.

Others are following Ford into the small car segment after blissfully ignoring it even as Maruti went on to corner that market with an array of offerings. Toyota's new Etios, the world's biggest carmaker's first small car in India, is expected to be launched later this year and Honda's

That Which We Call A Car...

Two syllables work best when branding a car – although regional nuances can play spoilsport.

Former Hyundai India President B.V.R Subbu has an interesting story about how the best-selling Santro was named. The Hyundai management felt that the Atos brand under which the vehicle was sold in Europe would not work in India. The top brass of the Korean carmaker's Indian operations along with a clutch of branding experts were holed up in the Mediterranean resort of Saint Tropez. Their mandate: To find an alternative moniker for the compact car for India. It didn't take long for one of the copywriters in the group to come up with the name Santro, inspired no doubt by the seaside resort town on the French Riviera.

Then there are instances of unfortunate baptisms, such as the Skoda Laura, which is a perfectly delightful name in most necks of the woods. However, if pronounced in a particularly harsh way in north Indian slang, the Laura gives the phrase 'hot rod'(typically modified American cars with large engines) a rather unenviable connotation. The Laura is actually the new Octavia in international markets, and it was only because the Czech carmaker decided to keep the older product on the shelf here that there was a need to find a new name. Hyundai's new version of the Accent had to be rechristened the Verna for the same reason although it is still known as the (new) Accent elsewhere.

INTERVIEW

"I Will Lead Till I'm 100"

The 80-year-old **OSAMU SUZUKI** *is back at the helm of Suzuki Motor Co, or* SMC, *which holds a majority stake in Maruti Suzuki India Ltd, or* MSIL. *By announcing additional investments in* MSIL, SMC *plans to ensure that it can retain its overwhelming lead in the Indian market in the face of increased competition.* **BUSINESS TODAY'S KUSHAN MITRA** *caught up with the active octogenarian.*

There have been questions about succession planning at Suzuki Motor Co. Would you like to address the issue?
As you can see, I am quite healthy right now so I expect to continue. The average age in Japan has increased a lot over the past few decades, and almost touches a 100 right now.

Does this mean that you will lead the company till you are a 100?
Yes (laughs).

Recently, Volkswagen bought a stake in your company. Do you feel that SMC will ultimately subsume into Volkswagen?
As you already know, Volkswagen bought a 19.9 per cent stake in SMC which was in the form of fresh equity. Using half those funds we bought a stake in Volkswagen, amounting to around two per cent. The rest of the funds were used for capital expenditure towards new equipment and facilities. As for car sales, there will be no selling of each others' vehicles.

Will there be joint development of products?
I think before the joint development of products there will be the joint development of components.

SMC would be investing over Rs 1,300 crore in India in two new car plants, modernisation of facilities and in R&D. Given Maruti's shrinking market share, do you feel this decision came too late?
One way of looking at the situation is to say that the announcement is late, but the other way is to say that the increase in demand in the Indian market happened too early. The Indian market is growing at 27 per cent, and frankly no one could have anticipated such growth.

MSIL still holds substantial shares in several Indian component companies, many of whom are listed. Do you plan to either increase your stake or divest your holdings?
We have no plans to either increase or decrease our shareholding in these companies as of now.

yet-to-be named small car is gunning for a mid-2011 launch date (see our feature on new launches, *New Metal*).

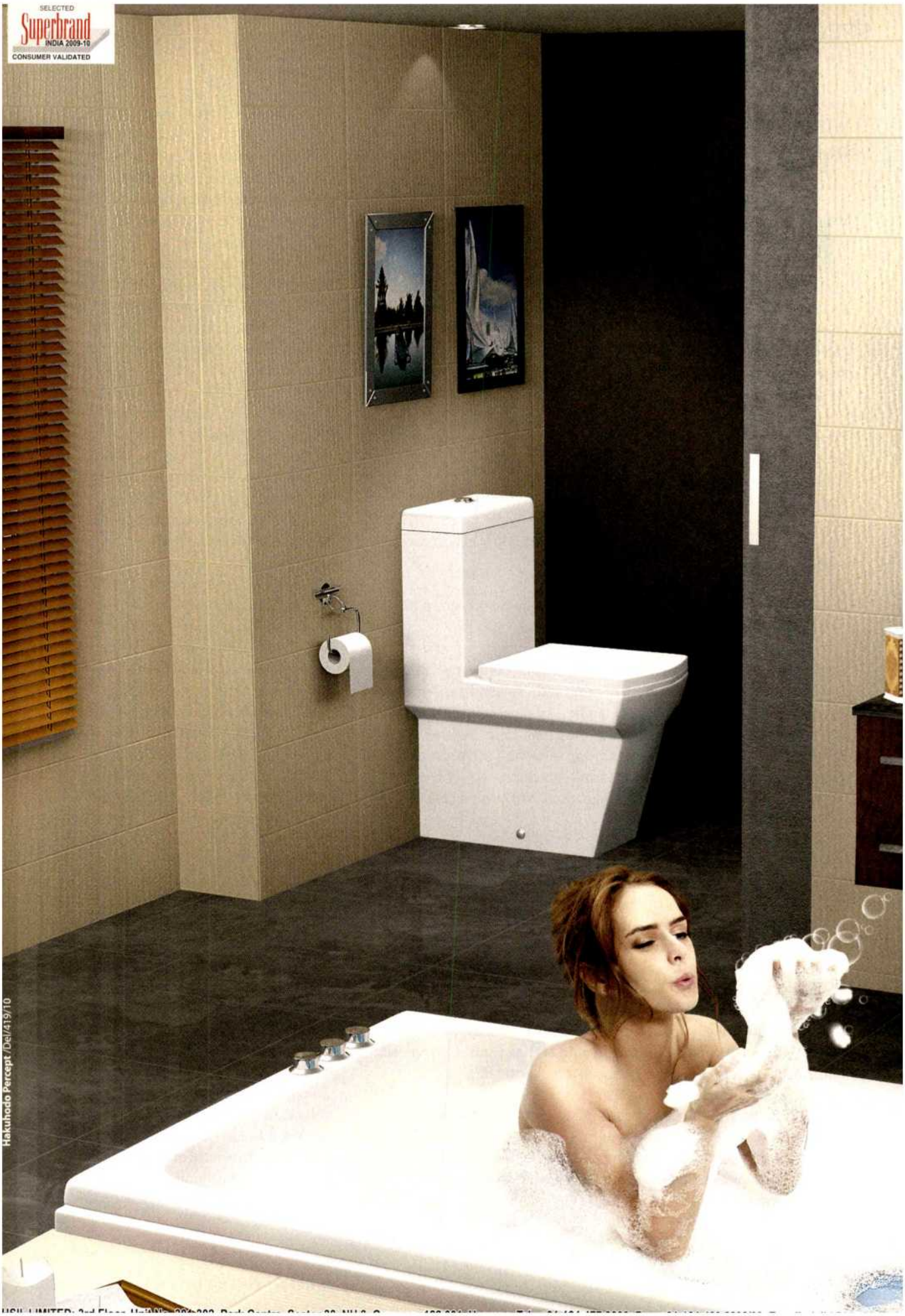
Both products were extensively developed using Indian engineers, hoping to ride on the tailwind of Maruti's Swift. Six years after launch, the Maruti Swift remains one of the top-selling cars in India, moving more than 11,000 units every month. The Swift was one of the first cars in India with local design inputs — 30 engineers spent over two years at the Hamamatsu Suzuki headquarters. As Maruti plays a bigger role for Suzuki, the Japanese parent is spending Rs 250 crore on an engineering centre at Rohtak in Haryana, which should come on stream by 2011.

But designing an India-focused vehicle is easier said than done. Ask the President of Mahindra & Mahindra's automotive division, Pawan Goenka, a long-time veteran of General Motors who returned to India in the early 1990s, and then went on to lead the development of the Scorpio SUV. Nine years after the vehicle hit the roads and M&M developed the follow-up Xylo, the M&M automotive head still faces challenges in finding good people.

"It is not as bad as it once was, but still many millions of young engineers enter the computer science field. On Day Zero recruiting drives, the financial firms still get top billing," he says. But the scenario is slowly but surely improving, with "a new-found enthusiasm among engineers to work for automotive projects," he adds.

The trend is early but catching on. General Motors is doing far more high-end technical work at its captive centre in Bangalore, and other companies have outsourced key development work to Indian vendors, from engineering to automotive computerisation, points out Sehgal, the Booz & Co. partner.

Yet, if India is to become a true global car manufacturing hub, engineering skills and resources will need to be dramatically ramped up as well. ◆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At the Crossroads

Component makers have a great future if they tackle their current challenges effectively. *By N. Madhavan*

In September, TVS Motors was forced to produce 10,000 fewer bikes (five per cent of its capacity) for want of components. In fact, the shortfall could have been greater if the automaker had not thought of periodically airlifting components from abroad.

But it isn't just TVS Motors where production has been hamstrung by the inability of its vendors to meet all its component requirements. All the major automakers in the country, including Tata Motors, Ashok Leyland, Ford India and Hyundai Motor India, have been struggling to meet the runaway demand for trucks, cars and two-wheelers in the country, which has translated into record sales over the past two months. In August, sales of cars and two-wheelers in the country touched an all time-high, growing by 33 per cent and 28 per cent, respectively, while commercial vehicle sales rose by 28 per cent.

So what has led to this mismatch between demand and supply of auto components? Its genesis lies in the way the $30 billion (Rs 1.38 trillion) Indian auto component industry reacted to the global financial crisis of 2008. As the crisis unfolded, demand for components, both within the country and globally, plummeted suddenly, causing volumes to shrink by more than 50 per cent almost overnight. The industry reacted by laying-off people and cutting back production. "An atmosphere of gloom and doom prevailed and the mood in the industry was clearly pessimistic," says Venu Srinivasan, Chairman, TVS Motors. With the industry fast running out of cash, all expansion plans were put on hold. As a result, investment in fresh capacity grew by just one per cent in 2008-09 as against 33 per cent the previous year.

While the auto component sector was trying to cope with the challenges thrown up by the

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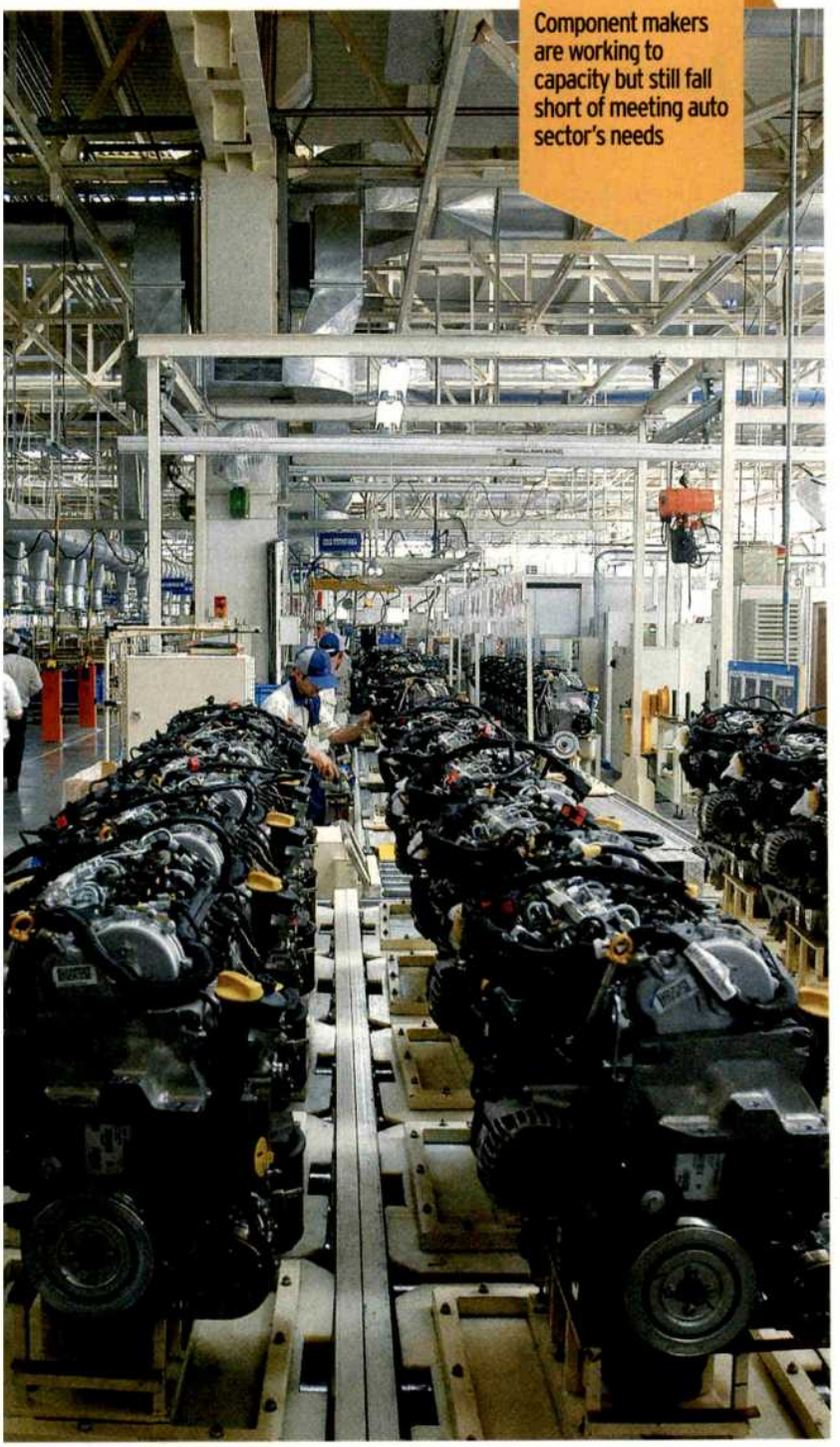
- Should attract talent in a big way
- Enhance product development capabilities
- Must consolidate rapidly



Component makers are working to capacity but still fall short of meeting auto sector's needs

downturn, it was caught completely off-guard by the quick turnaround in the fortunes of the automobile sector on the back of the government's fiscal stimulus package. By the second half of financial year 2009-10, the commercial vehicle sector had revived. The stimulus sent a clear signal that the state would not allow the economy to collapse and this shored up the consumer confidence driving up sales of cars and two-wheelers. To meet the surge in demand car majors from across the world rushed to set up new capacity or ramp up existing ones. In the last two years, fresh car production capacity has risen by two million.

Even as all this was happening, the auto component sector was still in the cash conservation mode. And when it did finally change gear and began to push the accelerator, a new set of challenges confronted it. The Tier-II and Tier-III suppliers, especially those in the forging, casting and fabrication industry, who had laid-off skilled and semi-skilled labour, found it difficult to get them back. The bigger players, on their part, were unsure about the sustainability of the stimulus-driven demand and preferred to wait before making fresh investments.

With the component sector failing to cope with the new demand, the auto majors had no option but to resort to imports, which grew from $5.2 billion (Rs 23,920 crore) in 2007-08 to $8.2 billion (Rs 37,720 crore) in 2009-10, a growth of 58 per cent in two years. "This is clearly worrying. Today imports account for almost 30 per cent of the industry demand," says Srivats Ram, President, Automotive Component Manufacturers Association of India (ACMA) and MD, Wheels India.

The auto component sector really needs to worry about this trend, given the future outlook for the industry. According to an ACMA-Ernst & Young study, domestic demand for auto components is expected to jump from $30 billion (Rs 1.38 trillion) in 2009 to $119 billion (Rs 5.57 trillion) in 2020. During this period, exports are expected to rise from $3.8 billion (Rs 17,480 crore) to $29 billion (Rs 1.33 trillion), the industry will add another

The Foreigners Are Here

Recently at Automechanika, a show for the automotive aftermarket trade in Frankfurt, Germany, India was literally at the centre of Bosch's stall. This was in the form of a silver Tata Nano, for which the company devised an all-new diesel injection pump. Bosch, the world's largest parts maker, expects India to soon overtake Germany as its fifth-largest market, says Robert Hanser, President of the company's global automotive after markets business. It is these small cars that will drive growth for companies such as Bosch, he adds. The company's India revenue was around a billion dollars last year and its local automotive after markets business is actually the fourth-largest globally — ahead of China and Japan. Bosch is also betting on rapid dieselisation of vehicles (for better power) to increase sales of its diesel injection gear. Around a fifth of Indian vehicles today are powered by diesel, compared to 50 per cent in Europe.

By 2012, annual car sales worldwide will increase by about *11 million units per year,* with India accounting for 20 per cent

The small car explosion is also good news for another global giant Delphi, once a part of GM, but now a standalone auto parts maker. The company made the instrument cluster for Tata's Nano — 30 per cent cheaper than competing products — and is looking to leverage this advantage with other manufacturers. Delphi has a 700-strong technical centre in Bangalore.

Companies such as Bosch and Delphi, among others, are betting on a steady but sure movement east of the global automotive industry. According to a study by consulting company Booz and Co, the overall passenger vehicle market in India is expected to grow from 1.7 million units in 2008 to 2.4 million units by 2013, surpassing the markets in Italy and Spain. "By 2012, annual car sales worldwide will increase by about 11 million units per year, with India expected to account for 20 per cent of the increase," the study notes.

Not surprising that global giants such as Bosch, Continental and Delphi are building, buying capacity and allying with local firms to tap India as a market and a low-cost manufacturing destination. It is a wake up call for the highly fragmented 500-odd domestic parts makers who at times can't handle orders larger than 50,000 units. That is a problem for companies such as Volkswagen or Nissan-Renault, which want to ramp up rapidly here.

RAHUL SACHITANAND

1.2 million people to its workforce and its share in the country's GDP will increase from 2.1 per cent to 3.6 per cent.

"We have no choice but to invest in capacity. Take the case of the cars. It took us 60 years to reach a capacity of two million cars. In the next 10 years we will be producing nine million cars. If you do not invest, you will lose market share," says Baba Kalyani, Chairman and Managing Director, Bharat Forge. Adds Ram, "To meet the increase in demand, we need to invest at least $3 billion (Rs 13,800 crore) every year for the next 10 years. In other words, we need to invest in the next five years what we have invested in the last 50 years."

But scaling up would not be easy for the industry since it presents its own set of challenges. "The margin in the industry is wafer thin. While the automobile majors do compensate us for the increase in the cost of raw material, other overheads such as higher power costs, wages, etc. have to be borne by us. This means the industry is left with very little surplus. High interest costs are not very helpful either," says Surinder Kapur, Chairman, Sona Group.

Besides, companies will have to get more competitive and offer more value to the customers through their products to get better margins and invest in expansions, according to Kalyani. They must invest in product development as technology could become a major differentiator in the near future. Then there is the issue of finding adequate skilled labour. Industry should also look at consolidation.

Says Kalyani, "It is one thing to supply for a volume of million cars and another for 10 million cars. Tier-II and Tier-III players have to consolidate or grow bigger. That's the toughest challenge."◆

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The **Toyota Etios** will mark the entry of the Japanese carmaker into the highly competitive small car market in India with this "designed for India" vehicle. Despite massive quality problems in the US and Europe earlier this year when over 10 million cars were recalled for various faults, Toyota has already started a teaser campaign leading up to the launch of the Etios highlighting, what else, quality. Hope they know what they are on about.

Launch: Before end-2010
Price: Around Rs 5 lakh (hatchback); Rs 7 lakh (sedan)

The new **Hyundai Santa Fe** might invoke a name from the American southwest but this mid-sized utility vehicle is being launched primarily to take on the Honda CR-V, which dominates this small but lucrative segment. Hyundai expects its successful CRDI diesel engines to deliver the winning punch here.

Launch: Just launched
Price: Around Rs 14-15 lakh

The **Tata Aria** is classified by Tata Motors as a "crossover", a car that looks like a people carrier but with the premium "feel" of a sports-utility vehicle. The Aria follows the design philosophy first seen on the Indigo Manza and will come with a powerful engine and a four-wheel drive option. Expect this to be the most luxurious vehicle ever to wear the Tata badge.

Launch: Just launched
Price: Around Rs 10 lakh

Its first foray into India with the Logan might not have quite gone to plan but **Renault's** independent re-entry might come with the exciting new **Fluence**. Designed to take on the Honda Civic, Toyota Corolla Altis and the new Volkswagen Jetta, this car will bring some much-needed flair into this growing segment.

Launch: Early 2011
Price: Around Rs 14-15 lakh

The Skoda Yeti has been showcased by the Czech manufacturer several times and is also a crossover vehicle, an off-road vehicle built on a small car platform, even though the vehicle cannot be called "small" by Indian standards. The Yeti has been winning rave reviews in automotive publications, but will the concept take off in India? That remains to be seen.

Launch: End 2010
Price: Around 10 lakh

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Learns New Tricks in India

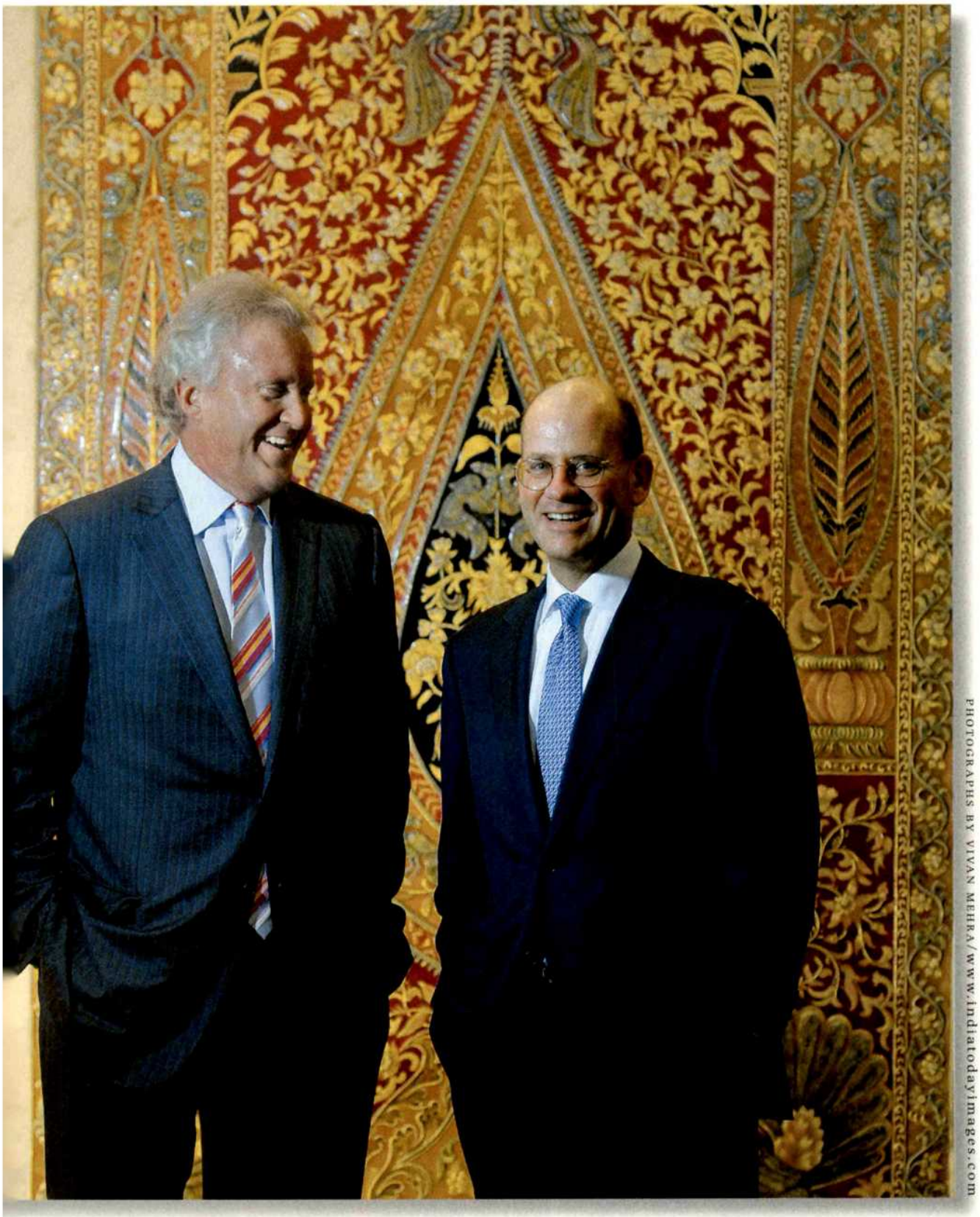
General Electric adds booster fuel to an aggressive India strategy with new ideas and a new structure.

By Josey Puliyenthuruthel

This July, John Flannery, the new General Electric chief in India, and his six division leaders headed into a conference room in GE's John F. Welch Technology Centre in Bangalore, the newest and largest research location for the giant $157 billion US corporation. Their calendars were blocked for three days for a 'Session T'.

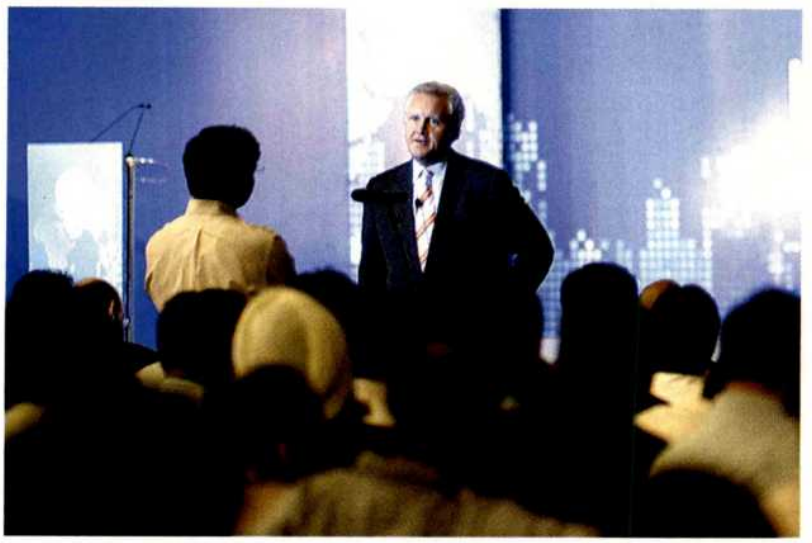
T stands for technology, but the import of the meeting was not lost on anybody in GE India. It was for the first time that such a face-off for new products and solutions was being held in India. The presentations at such sessions, held regularly at other GE research centres in Munich, Shanghai or Niskayuna in New York, can be tough and intense and the Bangalore session was no different.

At the starting blocks, rules for the Bangalore contest were clear: for one, ideas dreamt up in a lab were not welcome. "We had our market-facing people working with the tech folks at Bangalore," says Flannery, 49, a GE veteran of 23 years. Dozens of ideas were presented and were prioritised by yardsticks that were nuanced, if not entirely new, in the GE research and development culture.



PHOTOGRAPHS BY VIVAN MEHRA/www.indiatodayimages.com

INDIA OVERDRIVE: Chairman and CEO Jeff Immelt has really high expectations – $10 billion revenues by 2015 – from GE India, but CEO John Flannery (right) is confident of surpassing that



PUSHING HARD: Immelt at a company townhall meeting in New Delhi

In health care, for instance, the lens was brought to focus on whether a new product would reduce cost, improve quality and increase access, besides the usual questions around investment, market size and payback.

Twenty product ideas across health care, wind energy and water purification were short-listed at GE India's first Session T and are in various stages of development today. If successful, they will add substantively to the small number developed or manufactured here and sold in India (see *What's Changing at GE on page 58*) and other emerging countries.

These are early days still, but the ground beneath GE in India has begun to move. The world's 13th-largest company has historically been unafraid to change, and it is moulting yet again in its most ambitious markets. This time, the change hinges on emerging economies that will account for the bulk of the growth in its business globally as the developed world hobbles out of a near-Depression and the risk of national bankruptcies. The Organization for Economic Cooperation and Development predicts that developed economies will have a 43 per cent share in global GDP by 2030, down from 60 per cent in 2000. Earlier this month, the International Monetary Fund noted that India and China are leading a robust global recovery.

The test-bed for GE in this ambitious change is India. A market the company believes will be a gateway into emerging markets as diverse as Lima or Luang Prabang, and Banjul or Banda Aceh as populations in under-developed countries gain more purchasing power and are able to afford new products and services.

To be sure, GE is not the first US corporation to make India the centre of gravity in its globalisation effort. Technology companies such as Cisco and IBM have been pushing the envelope for some years now. Cisco has its No. 2 ranked executive Wim Elfrink and a globalisation team based in Bangalore while one-third of IBM's

IMMELT'S DOZEN: Chairman & CEO **Jeffery R. Immelt** (centre, in striped tie) and GE India's President & CEO **John L. Flannery** (second from right) with the top leadership team

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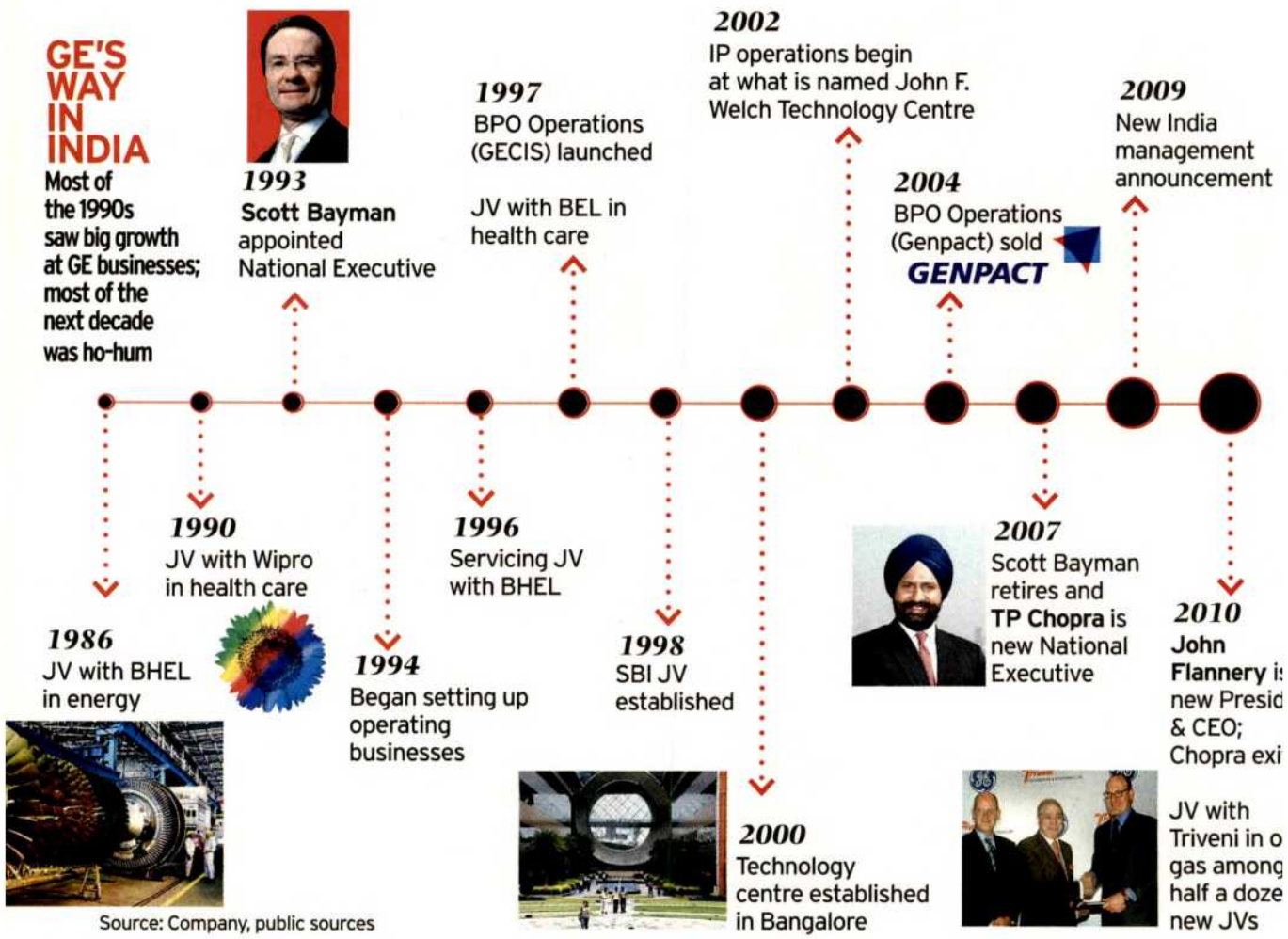
workers are in India. The difference is that GE is the first manufacturing leviathan — it towers over IBM's $100 billion revenues and Cisco's $36 billion — to make that leap of faith into India, and to wager that its biggest revenue earners, industrial products like gas and steam turbines, jet engines, and health care devices, will also add muscle to India's sinew.

GE Teaches Itself

GE did not exactly ease into its "Go India" mode. It was forced into it. For Chairman and CEO Jeff Immelt, the 2008 financial meltdown and this year's Eurozone scare made clear that businesses focused on just developed markets will have to strain very hard to grow. (See interview with Immelt *"India a $10 billion Market in Five Years"* on page 64.) For any American CEO scouting India, it was evident that gross domestic product, or GDP, growth of more than nine per cent had to happen because some parts of the country were roaring away at rates of between 15 and 20 per cent to balance the backward pockets. GE was not capitalising on this opportunity, white-hot even when compared with China, and Immelt saw the writing on the wall when the slowdown almost sank GE's financial services business.

For Harvard Business School alumnus Immelt, it was clear that GE needed to be nimble-footed in India. GE India's heads of businesses such as energy, infrastructure, health care, aviation, and capital had traditionally reported in to faraway global managers. Time and management bandwidth was wasted on decisions that should have been made locally. Immelt, who worries that his senior executives do not take a tough "my way or the highway" posture often enough, did not hesitate.

"Our traditional structure was not doing justice to the opportunity here," says David Lobo, Director of Human Resources, GE India. What that meant was an overhaul, leading to a structure that would have the business heads in India reporting into a local CEO with a dotted-line relationship with the global heads of those businesses. In other words, a separate profit and loss centre was



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created in India within the GE universe, not subsumed in parts into various businesses.

This sounds simple, but it is a big jump for a 120-year-old behemoth that has controlled all its businesses from the United States. For the first time, GE is trying out the local CEO structure and the results could be epochal for the company. "If John (Flannery) and we can grow this market at 30 per cent for five years, you know what? We are going to organise other regions like we organise it here," Immelt says. (See www.businesstoday.in/immelt for the full transcript of the interview)

Immelt is serious, and his choice of Flannery underlines his seriousness: the India CEO, who started work from the company's Gurgaon headquarters in January, is a senior officer of the vice president level — one of the 20 or so executives in the core leadership group globally.

In picking Flannery, Immelt addressed what many thought was a weak link in GE India. Tejpreet "TP" Singh Chopra, the incumbent National Executive, was a bright star but at 39, seen as too young in the system and not sufficiently connected to GE's global business heads. Flannery came in from being Asia Pacific President and CEO of GE Capital, the company's financial services business.

Scott Bayman, a GE veteran who anointed Chopra as his successor in India in 2007, is candid in hindsight. "TP was not as senior within GE, didn't have the experience that I had or John has. Frankly, my view is that he may have moved too quickly into that role. Maybe we needed a more senior guy. I think from an organisation perspective, it would have been more effective," he said in a phone interview from Chicago. Chopra, who now heads his own clean-power firm, Bharat Light and Power, did not want to react to that assessment.

GE's India numbers show a mismatch with the targets it set itself. In a *Business Today* cover story (archives.digitaltoday.in/businesstoday/20050605) in June 2005, the company's revenue goal for 2010 was $5 billion. The India business today is a shade under $3 billion. The company clearly thinks the numbers could have been better. Lobo, the HR head, believes that two projects — the business process outsourcing arm that is today Genpact and the Bangalore R&D centre — took a lot of management attention and GE "didn't focus as much as we should have on operating businesses".

WHAT'S CHANGING AT GE
Localisation Dominates Agenda

- A $10 billion revenue target by 2015
- Up to $100 million in new investments
- A multi-product, 500,000 sq.ft factory (location not decided)
- A wind energy factory in Pune
- Four new JVs; two more in works
- Sales workforce going up to 2,200 from 700

Made in India for the World

- VScan, a handheld ultrasound imaging device
- New wind turbine design
- PACS, a digital records management system
- MACi, a portable ECG machine at Rs 23,000

The Future is Local

All that is going to change, insists Flannery. Immelt has set a 30 per cent growth target for GE India over the next five years — in effect, grow the India business to over $10 billion by 2015. Even after discounting the "stretch" element while such targets are set, that might seem a tough number for most. For Flannery, though, they are achievable. "It is not as if we have to split atoms, it is execution that counts," he says in his office, which has cardboard cartons from his earlier assignment still piled up against the window. Immelt has told him to "push hard and break some glass", he adds.

Flannery, who confesses to being maniacal with what he calls a "growth playbook" for GE India over the next three years, gives an example from the company's wind energy line on what focus and localisation can do for a business. In five years the company had sold one turbine in India. "Everything about it was wrong; it was slow, it was expensive," he says. About four months of a redesign and local component sourcing later, GE has two orders and is negotiating a third. The localisation agenda is being pushed further: GE will open a manufacturing facility later this year in Pune and has plans to take localisation levels up to 80 per cent, says Kishore Jayaraman, President and CEO of GE Energy, India Region. He will not say what the level

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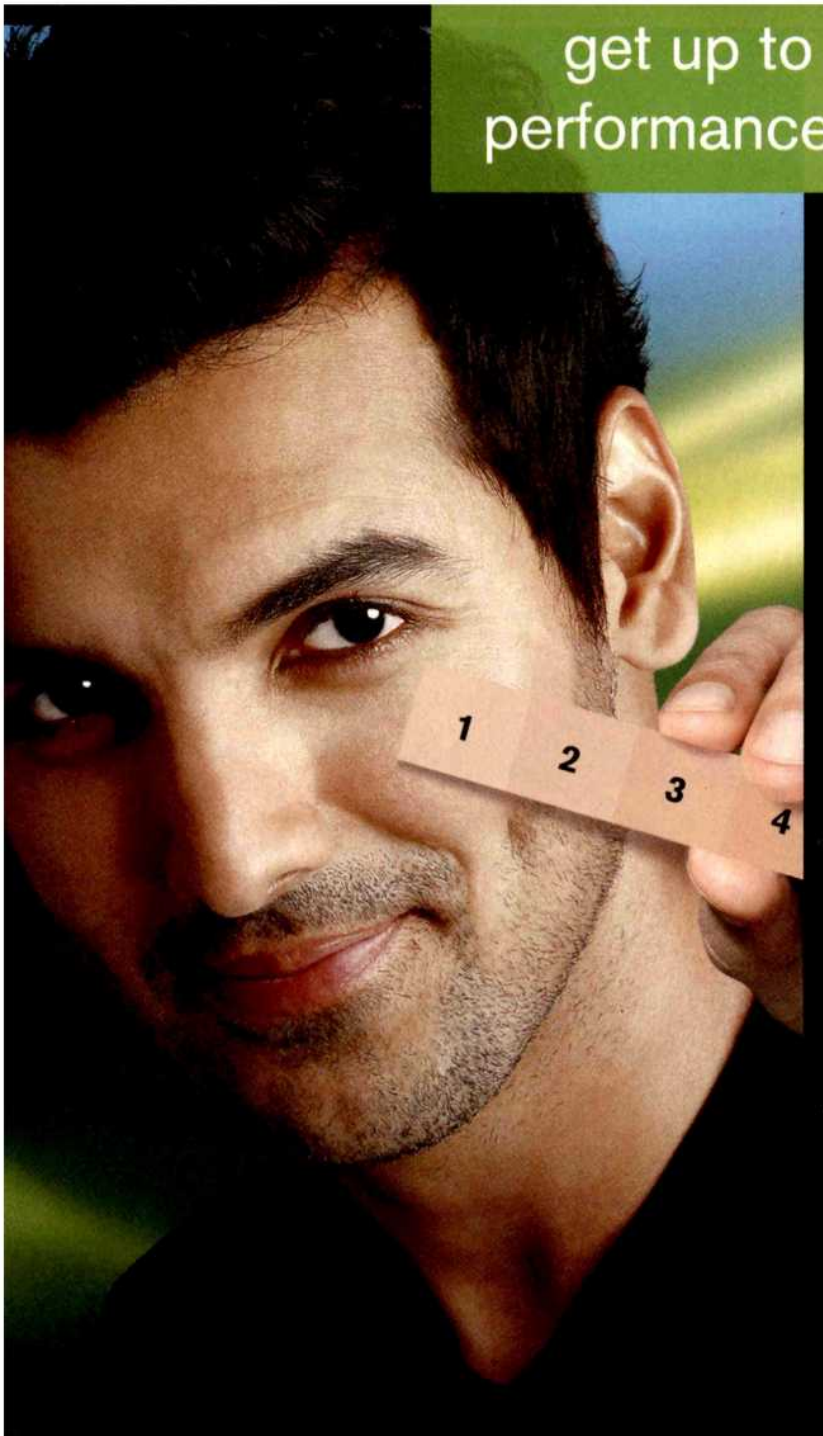

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of local sourcing the business is at currently, but Flannery says most businesses in India are running at a 10 to 20 per cent range and he intends pushing it up to 60 -85 per cent in three to five years.

Ajay Singha, a long-time watcher of US companies in India, compares the big GE push plus its plans to heavily procure locally with Suzuki Motor Co.'s joint venture in India in 1983. Maruti Suzuki triggered a revolution in India's automobile and auto components industry that today accounts for about one-sixth of all manufacturing output in the country. In addition, "think of the standardisation, quality assurance and everything the GE culture will bring to India," says Singha, Executive Director of the American Chambers of Commerce in India, a business lobby representing US firms.

This push on localisation is critical to GE's efforts to ramp up the pace of growth in India. The feedback the company persistently got from its customers was that its products were expensive, many features were not relevant locally, servicing was a multi-layered process and the company was slow to deal with. The oil and gas business — GE offers everything from oil well drills to refinery machinery — at the end of 2009 had 10 service engineers.

Vivek Venkatachalam, Country Leader for GE Oil & Gas, says: "After the customer complained, we'd raise a request, an engineer flew in from somewhere else ... it would take at least a week to get to the site. It was a very sub-optimal solution, especially if the customer did not have back-up equipment." Today, Venkatachalam has a team of 65 engineers and aims to expand to 200 in two years.

Another area that will thrive on a local focus, especially in other markets, is R&D. "We have to be open to the local market and do things for products locally," says Mark Little, Senior Vice President and Director for GE Global Research. "The 5,000 technologists at (JFWTC) Bangalore are spreading the benefits of India to the world."

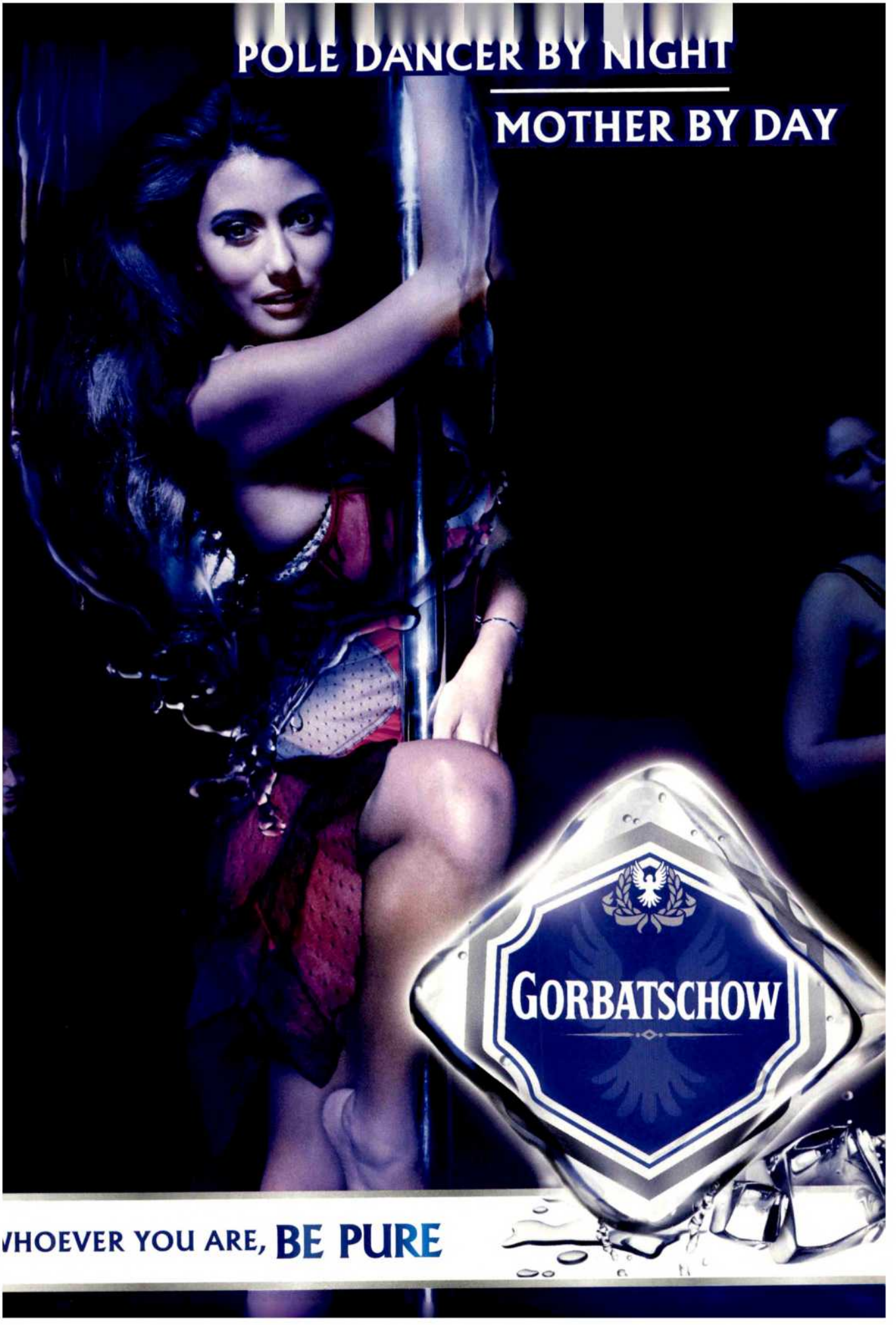
LEARNING FROM INDIA: Mark Little, (right) Senior Vice President and Director of GE Global Research, at the Bangalore centre

A prime example is VScan, a portable ultrasound machine, whose development was led in India. The idea for the product came when Manipal Hospitals, a Bangalore-based customer, told GE that a scanning device as simple as a cellphone would have a huge market in rural India where most diagnosis is carried out with a thermometer and a stethoscope. After the specifications were drawn up at Bangalore, GE had to go to Norway for telematics expertise, France for the user interface, the US for system integration, and China for manufacturing mojo. What has emerged is a device a little bigger than a smartphone, which assists physicians with point-of-care imaging capabilities. Each device costs Rs 5 lakh, but experts such as Navi Radjou, Executive Director of the Centre for India & Global Business at the Judge Business School at Cambridge University, predict that the retail price will halve when some feature iterations are made and the next version rolls out of China.

The speed of a local management, meanwhile, is evident in other areas. Over the past six months, GE India has signed four joint ventures (JVs) with Triveni Engineering in steam turbines, Bharat Heavy Electricals Ltd for centrifugal compressors, Kirloskar in reciprocating compressors, and Bharat Pumps. Two more are in the works, as is a 500,000 sq ft multi-product facility that will make energy, health care, water and other products from the GE portfolio, in a yet to be identified location.

All this will see GE investing between $80 and 100 million. This does not include a surge in manpower; the India sales force is set to rise to some 2,200 from the current 700. Also not counted is fresh investment needed if a locomotive deal that GE has been doggedly chasing for several years or a nuclear energy deal come through. And then there could also be acquisitions.

So it is change, and more change, in store at the company, whose motto is "Imagination at work". India is just one of 160 countries where the Fairfield, Connecticut-based GE operates, and it will certainly test the "GE Way" that Immelt's predecessor Jack Welch stamped into management lore. If Immelt and Flannery pull it off, India will not be a new trick in GE's playbill: it will be the main act. ◆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Reserves & Surplus	108,843.19	126,916.21	195,330.22	220,731.50
Dividend (%)	27.00	27.00	35.00	-
Basic EPS (Rs.)	6.78	6.43	15.57	3.99
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Book Value	27.23	30.09	40.92	44.94

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** As of April 1, 2010 (Source: CRISIL Research)

- Accounted for 81.9% of India's total coal productior 2009 (Source: CRISIL Research, Coal Outlook: 200 to 2013-2014, Annual Review, November 2009)
- Coal resources of 64,218 million tons as of April (Audited & Classified as per JORC code)

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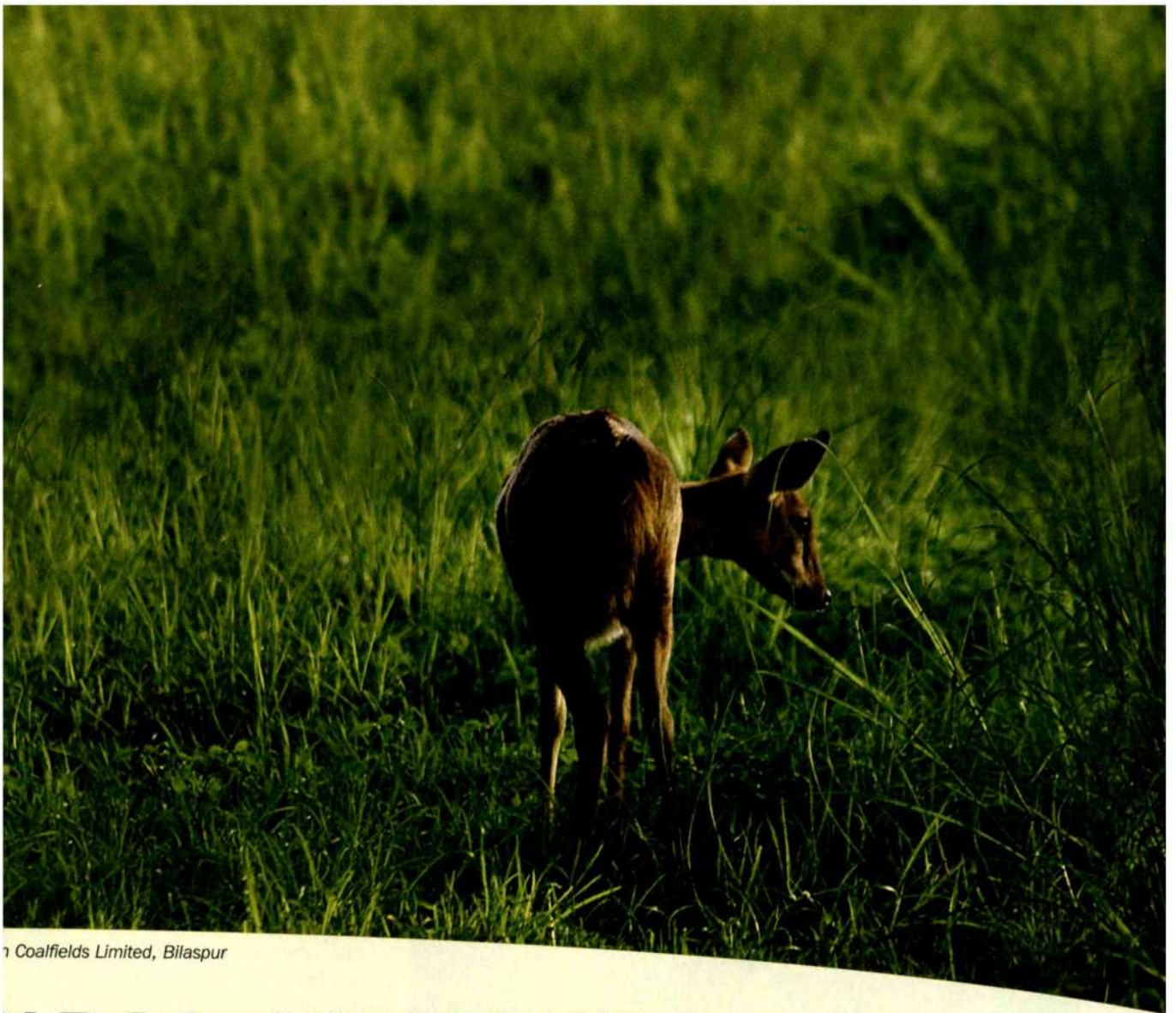

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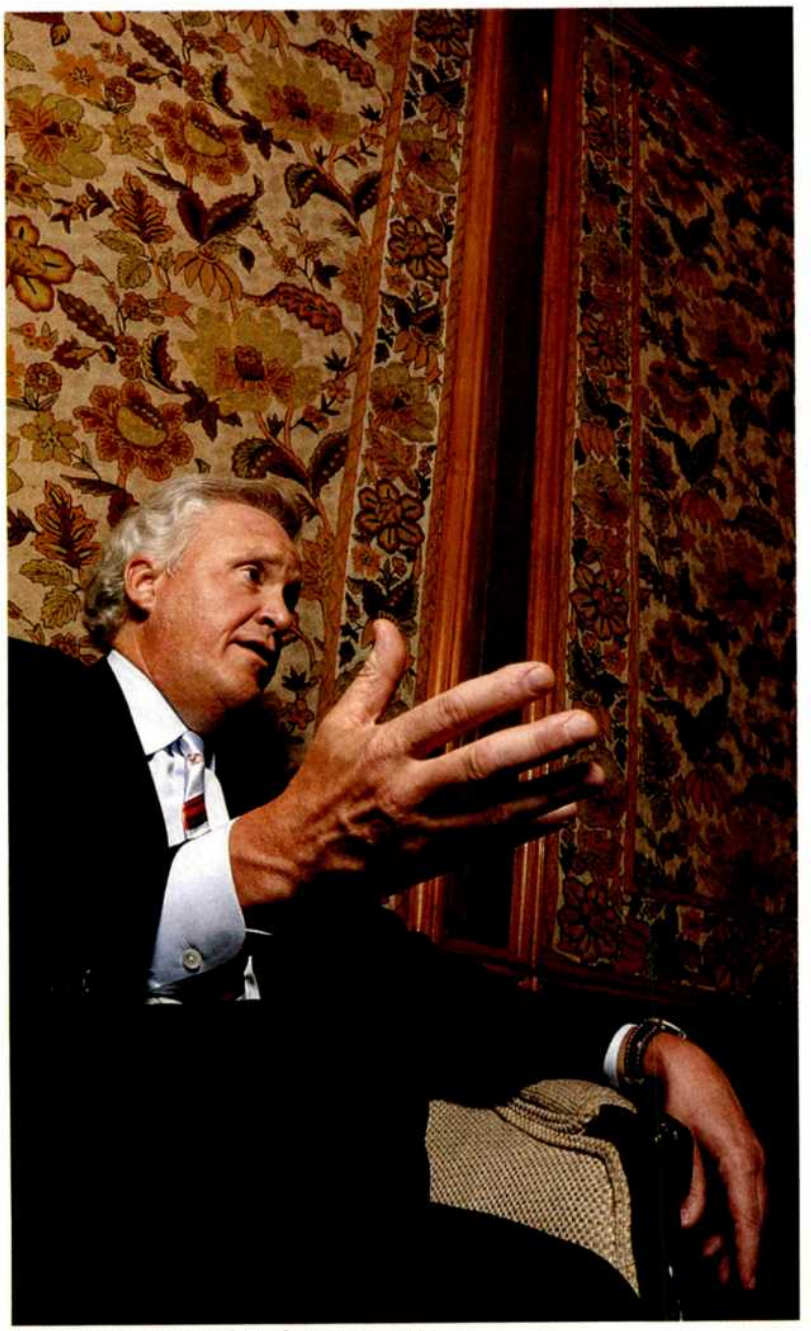

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Edited excerpts of a conversation **BT'S CHAITANYA KALBAG** *and* **JOSEY PULIYENTHURUTHEL** *had with* GE *Chairman and* CEO **JEFFREY IMMELT:**

On the US economy

Things are getting better in the United States. It's a slow recovery and some of that is based on how steep the crisis was, on consumer deleveraging and the savings rate going up. The thing that doesn't always get effect is that corporations have a lot of cash — probably more than any time in their history. That gives them lots of financial flexibility to continue to invest and that's typically a good sign.

The jobless rate is very high — it's 9.6 per cent. In 25 or 30 years, the inflation adjusted income of the middle class hasn't increased. My belief is that has something to do with manufacturing jobs that have left the United States. I really think there has to be more focus on areas like exports, and the key focus is to create some of these higher-end middle-class jobs. The US has to repurpose its economy, has to be more technology-focused, more manufacturing-based. The notion that the US can be a service economy is just completely wrong.

On the India growth opportunity

I would expect China to be at 10-15

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> As much as **I would love to participate in nuclear markets,** I would never put the enterprise at risk.

per cent growth (for GE) but India should be 30 per cent growth. In five years from now, India should be (a market of) $10 billion or more, and five to 10 per cent of GE.

The (nuclear energy) liability law as currently written doesn't quite work for GE and most western companies. As much as I would love to participate in the Indian nuclear market, I would never put the enterprise at risk. There are certain things the CEO of any company just can't do; one of them is taking uncapped risk.

On the new India structure, localisation

It (the new India management structure) is all about speed. What we have done is we have a country leader, he's got a budget, he can make decisions. He has got my backing with the decisions he makes.

In the end, the measurement for the team is not organisational philosophy. I always tell people here's my philosophy for the organisation: 'Whatever works.'

If you take the business of healthcare, about 30 per cent is already localised here and that might be 70 per cent in five years. I can envision making MR/CTS (scanners) and other products in India for India.

On financial sector reforms

Think about 10-15 years ago: the banks in China were more or less the same size as banks in India. Today all of them dwarf the biggest banks in India. There has to be a lot more reform and globalisation in financial services (in India).

> The US has to repurpose its economy, the notion that the US can be **a service economy is just completely wrong.**

On an India listing

I don't rule it (a local listing) out. Historically, that is not something we have done. But, we have to be mindful of the way the world is changing and at some point if we build a hugely successful, very local Indian business, we will see. ◆

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> I always tell people here's my philosophy for the organisation: **'Whatever works.'**

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The New Global Indians

Down history, Indian traders and merchants have never cared much for mountain ranges and vast oceans when it came to travelling in search of profits, and have been "global" centuries before the term became fashionable. That these traders did not leave behind monuments to their achievements is probably because Indians, unlike Europeans, rarely mixed up trade with political or territorial conquests. So Indian schoolchildren are familiar with names such as Columbus but cannot list the traders of Gujarat or the Deccan who made the most of their position on the East-West trade routes towards the start of the second millennium.

Ever since the liberalisation of 1991, and especially over the past decade, many big Indian groups have made big-ticket acquisitions abroad in diverse sectors, showing the world that India is not just about cheap labour but also about good managers and great ideas. So we had a Tata Tea and Tetley, and a Tata Motors and Jaguar Land Rover. Liberalisation only helped them grow from their base in India, and buttress the point made much earlier by the likes of Aditya Birla and Lakshmi Mittal, who left behind India's licence-permit shackles to set up empires in geographies ranging from Southeast Asia to the Indies.

But a new generation of Indian businessmen and traders is emerging. These people are making their millions from the unlikeliest of businesses (lacking the cost edge synonymous with India) to the commonest of products (honey for the European's breakfast table or roses for the Japanese lover).

BT's reporters, who come across scores of such success stories in their daily commute through the crush of Indian business, decided to tell some of the remarkable ones. "Some" is the key word here: we apologise to the thousands that we are sure to have missed or not written about.

With this, we bring to an end the Gen Next series that we started last year, and which has covered India's entrepreneurial middle rung (*BT*, October 4, 2009), the new inheritors of big business families (*BT*, March 7, 2010) and the hottest start-ups (*BT*, June 27, 2010). But there is no ending the possibilities that are open to enterprising souls.

WANTED: Gopal Krishnan thrives on cost pressures of his clients

DEEPAK G. PAWAR

Ad2Pro

Around the World in 30 Minutes

MAIN MARKETS:

US	80%
UK	20%

DIFFERENTIATOR: Speed, low cost, low-touch solution that offers high quality creative outputs with minimum investment and operational concerns

CUSTOMERS: Has 25 customers, including some of the top publishers in the world

BUSINESS: Pre-press design and production services for print and online media publishers in an offshore model

FIRST ORDER: In June 2007, for just $924

TOTAL INCOME: Close to $10 million

Five years from now, we see ourselves as a $100 million company with 250 customers and about 8,000 employees," says Gopal Krishnan, Founder and Chief Executive Officer of Ad2Pro, which designs advertisements for publishers in the West using an offshore model.

Ad2Pro, which has revenues of close to $10 million, today has 500 employees serving 25 customers. American clients know it as 2AdPro.

Sarath Naru, Founder and Managing Partner of Ventureast, a venture capital and private equity firm which invested $2.5 million in the company in 2008, says: "What we found attractive was the business model and the team."

Ad2Pro thrives on the need of publishers in developed markets to slash production costs as circulation and advertisement revenues shrink, and online competition increases.

Founded by a few former *LA Times* executives and a serial entrepreneur, Ad2Pro has automated and integrated the creative and production processes into a web-based platform.

"We have quick turnaround time. Typically, we take anything between 30 minutes and 10 hours to come back," Krishnan says. This speed is the key differentiator.

When an American customer hands over content for an advertisement to a newspaper, it sends it to Ad2Pro in India with a deadline.

Ad2Pro handles nearly half a million advertisements a year. About 20 per cent are "super express" delivery (30 minutes to two hours) and 30 per cent are "express" (between 2 hours and 6 hours).

E. KUMAR SHARMA

DQ Entertainment

Living Life in 3D

A. PRABHAKAR RAO

INTELLECTUAL MOGUL: Chakravarti owns some of the hottest titles

MAIN MARKETS:

EUROPE 50 %

US 30%

Rest* 20%

*Mainly Asia, Australia, New Zealand and others

DIFFERENTIATOR: Diversified client base and a low-risk model

CUSTOMERS: Three in the first year, 2002-03. A little over 100 today, including Disney

Mowgli in three dimensions could well become the game changer for DQ Entertainment (International). The mischievous boy and his jungle friends from Rudyard Kipling's *The Jungle Book* will be reborn in a 3D movie, expected to hit the big screen worldwide in 2012.

Hyderabad-based DQ, in which DQ Entertainment plc holds a 75 per cent stake, will produce it. "The whole ball game could change," says Tapaas Chakravarti, Chairman, and CEO.

He cites *Alice in Wonderland*, which cost $200 million to make but grossed $1.02 billion, and *Avatar*, which cost $366 million but collected $2.75 billion. "These are big numbers and we are talking of time-tested big brands like *Jungle Book*," Chakravarti says.

After Mowgli, he plans to release one feature film every year. "Becoming a billion dollar company in the next five to six years is not a pipe dream," Chakravarti says.

For *Jungle Book*, he is talking to leading movie houses (read: the likes of Disney and Warner). Chakravarti says DQ's "pre-sales model" has very little risk.

It has already made a name for itself in television, licensing the TV rights for *Jungle Book* in over 160 countries. That is a long way since 2002, when it got its first client.

Chakravarti, 50, who began sketching with charcoal when he was just five and went on to pick up a degree in science and an MBA, slogged away in the corporate sector for two decades before deciding to chuck his job and focus on his first love, animation. Together with Rusi Brij (who has since passed away), he rustled up Rs 1 crore to start DQ.

For the first customer, DQ worked for three to four months and made a profit of around Rs 7 lakh.

The big break came in 2005, when Disney liked DQ's entry in a competition for three-minute clips of Mickey Mouse in 3D, and gave it the contract for *Mickey Mouse Clubhouse*, a children's TV series. It became a huge success and DQ has not looked back since.

Says iLabs Chairman Srini Raju, who was the first of the five PE investors in DQ: "Given the nature of the business, the returns are not in terms of money but global recognition and intangible benefits."

Raju and the other PE investors exited with big gains when DQ was listed on London's AIM bourse via DQ Entertainment plc.

Today, DQ has ten production facilities and a workforce of over 3,000 people in India alone. It also has its own intellectual property in *Jungle Book* and *Peter Pan*, among others. In 2007, it won an Emmy for a TV series.

Staying up until 1 a.m. each day for global clients seems to be finally paying off for Chakravarti.

E. KUMAR SHARMA

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Graphiti Multimedia

Animation Farm

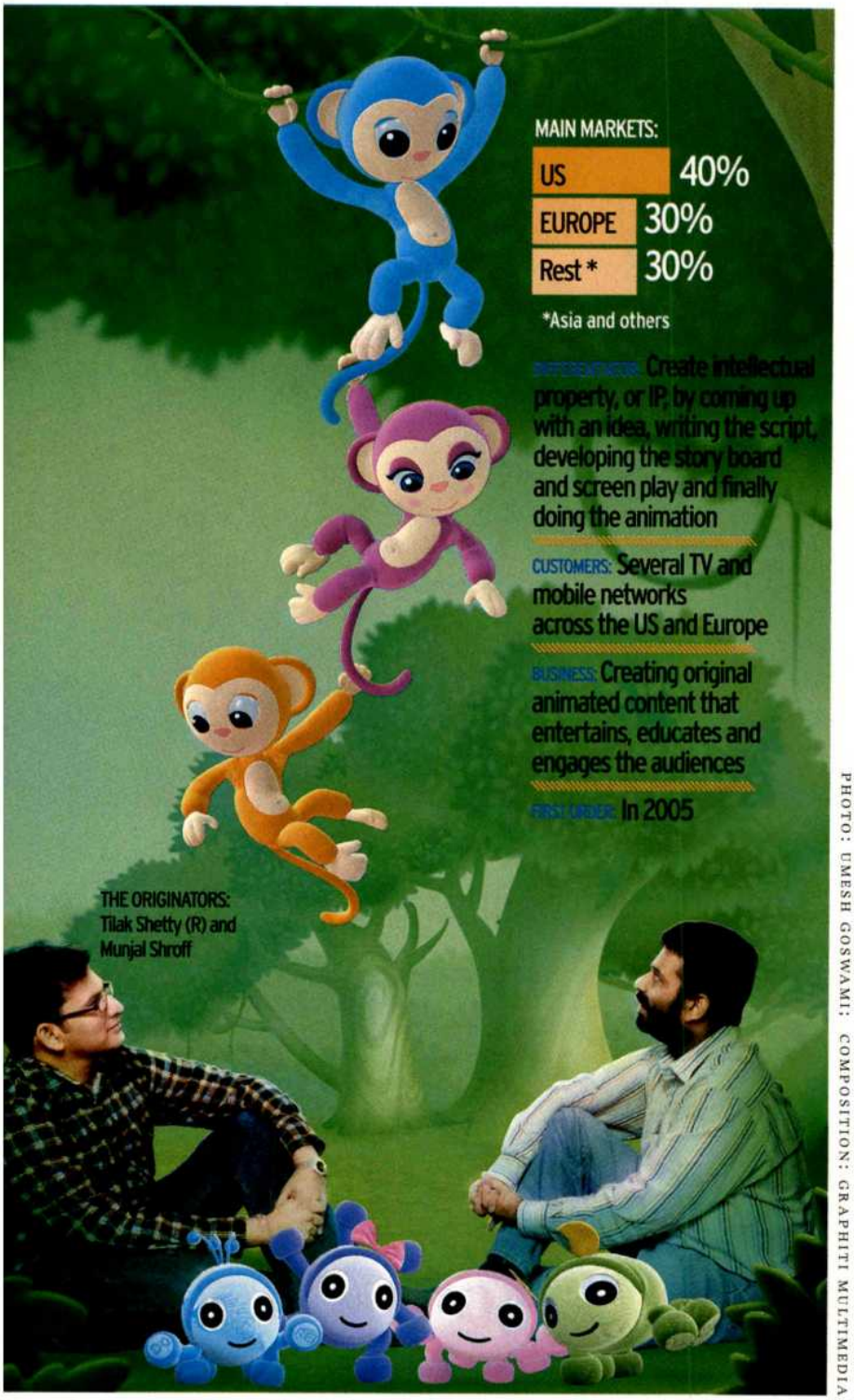


PHOTO: UMESH GOSWAMI; COMPOSITION: GRAPHITI MULTIMEDIA

At a time when everyone was outsourcing animation work to India, Tilak Shetty and Munjal Shroff decided to create some intellectual property. That was the beginning of Graphiti Multimedia in 2002, till then known for its advertising films. They had an edge as both had started out under Ram Mohan, considered the guru of animation in India.

Their first success came a year later, when Star TV asked them to create an animated character for a game show. Graphiti did a 30-second genie, which was well accepted.

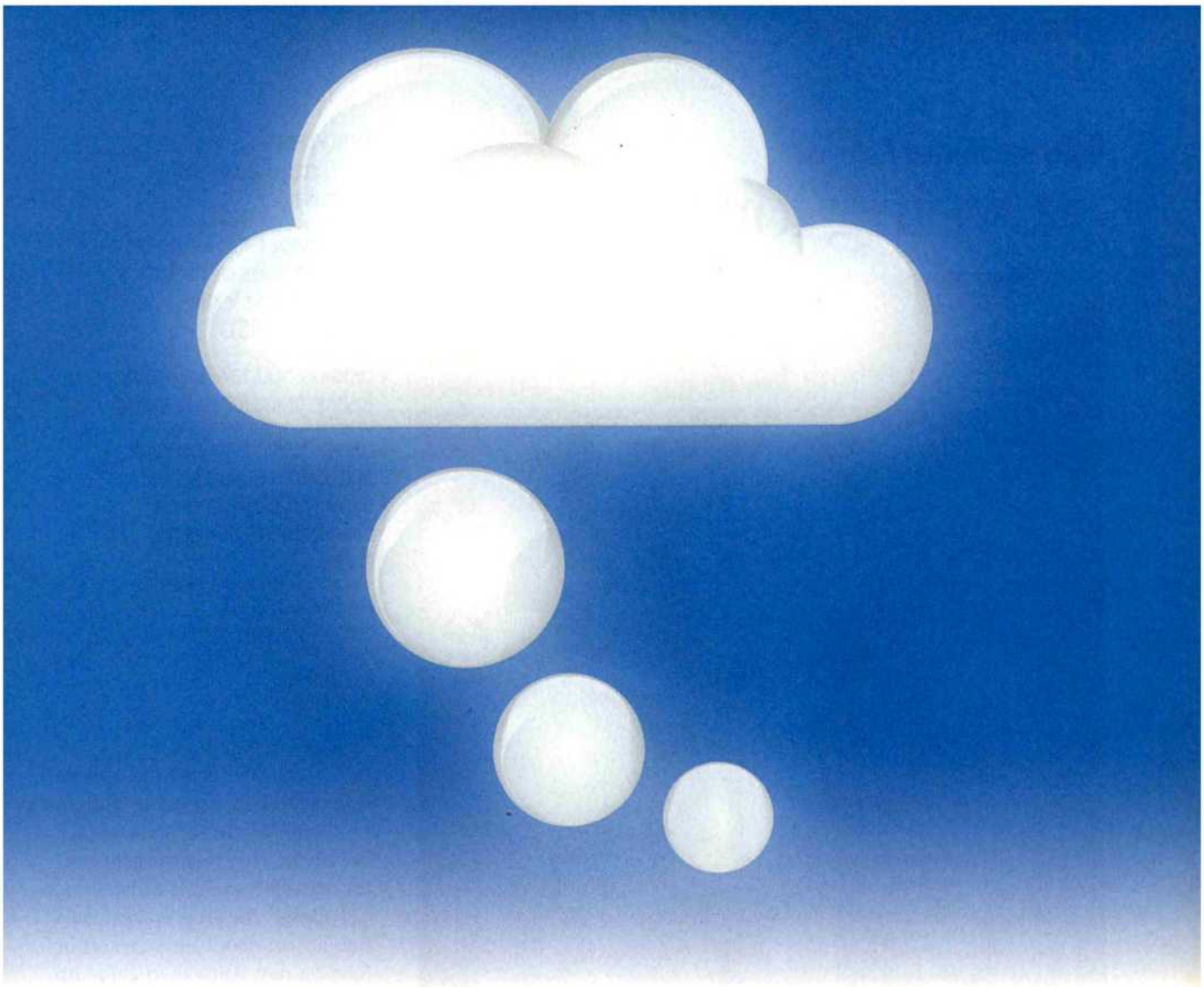
"It was during this time that Rakesh Roshan's *Koi Mil Gaya* hit the screens and the alien character Jadoo became a hit with kids. We thought of creating an animated version for a TV series," says Shroff, the Chief Operating Officer. With Roshan's permission, they did a TV series based on it.

But the big break came when they met Joanna Ferrone, the creator of the 7 UP brand icon Fido, at a trade show in 2005, and bagged their first foreign co-production deal. It was for *The World of OO*, a fun-filled thematic learning concept for toddlers that Ferrone had conceptualised. Ferrone says she was "very impressed" with Graphiti's work but was not really thinking of outsourcing animation. "But I realised that Graphiti could not only deliver world-class animation but inform the creative process in a highly dynamic fashion," she says.

Tilak Shetty, Co-founder and CEO, says: "We create IPs... Outsourcing is a cheap-labour game." They now own five IPs. But there are challenges. "The cycle of creating an IP is at least two years. So it's a long but fruitful wait," he says.

Precisely why Graphiti continues with the advertising business for the domestic market and has an animation school as well.

ANUSHA SUBRAMANIAN



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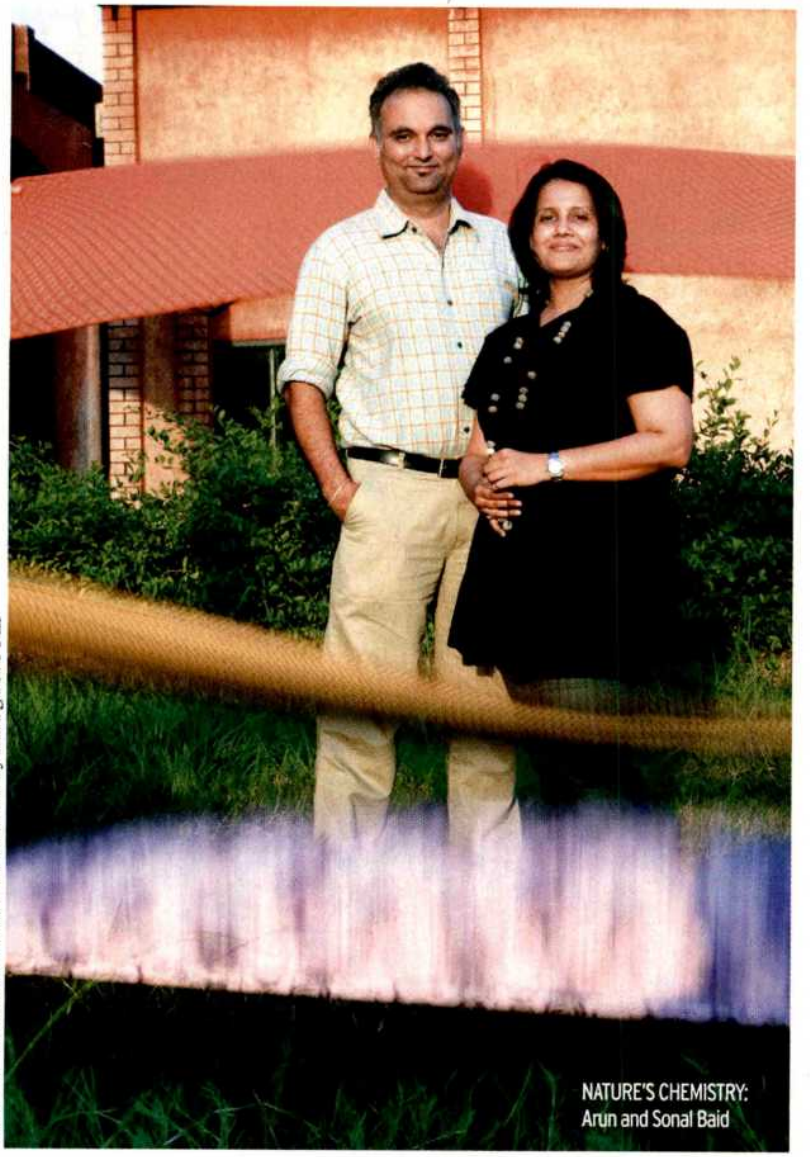
Aura Herbal Textiles

Dyeing for Life



RACHIT GOSWAMI/www.indiatodayimages.com

NATURE'S CHEMISTRY: Arun and Sonal Baid

MAIN MARKETS: US, Europe, Japan and Australia

DIFFERENTIATOR: Patented herbal dyeing process certified by Global Organic Textile Standard (GOTS)

CUSTOMERS: 500, talking to a US fashion brand for co-branding

BUSINESS: Making fabrics, yarns and textiles using a herbal dyeing process where no chemicals are used at any stage

FIRST ORDER: In 2004

TOTAL INCOME: $900,000 in 2009-10

Just a mile away from the Aura Herbal Textiles factory at Lambha near Ahmedabad, ask for Arun Baid and his wife Sonal or their business, and you get blank stares. But Berlin-based Enrico Rima, co-promoter of Germany's Lebenskleidung, which deals in natural textiles, has no trouble in locating the factory, 20 km outside the city. Nor do fabric merchants and designers in the United States, Europe, Japan and Australia. That is because Arun, 44, and his wife have pioneered the large-scale manufacture of textiles using natural dyes and a chemical-free process.

Today, everybody seems to want organic textiles, but the Baids' first business was in something that no one wanted: waste. In 2003, Arun had a waste recycling business, and he saw the environmental damage being done by the textiles industry.

"Recycling waste had no end," says Arun. They began experimenting with plant-based dyes, but faced a challenge. The usual process could handle just about three metres of fabric a day. Aura then came up with a mass-production process that could handle over 5,000 metres a day. "We wanted to make a mainstream product and not a decoration," says Sonal, 38, a director.

It has not been an easy journey, since there was no awareness of herbal dyeing. Things are changing now, but the market shift is happening mostly in developed markets because India is still price-sensitive.

Sonal says the challenge was not in getting customers abroad. "The integrity of the product had to be proven," she says. To do this, Aura secured a US patent in 2009 for its process. In 2009-10, Aura set out to expand capacity with a Rs 2.4 crore investment from Gujarat Biotech Venture Fund. It is now thinking of building its own brand. "Capacity is no more a constraint," says Sonal.

RAJIV BHUVA

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	Since Inception
TIIOF	6.96%
Crisil Short-Term Bond Fund Index	3.78%

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Mission Vivacare

Packed with Supplements

This global Indian eats, drinks and sleeps nutraceuticals, dietary supplements that are a fad nowadays. "I have turned a marathon runner," says Akkshay Mehta, Managing Director of health products company Mission Vivacare. "I got deeply involved in the supplements area to understand what is good for my body," says Mehta, 45, who has done the Mumbai Half Marathon and plans to run the full length this year.

When this chartered accountant stepped out of IIM Ahmedabad with an MBA in the late 1980s, he had to choose between the family business of pharmaceuticals and campus placement offers. But he gave all this a miss and applied for a financial services job at 20th Century Finance. A year later, he formed a partnership with some friends to export pesticides. "That was my first learning in exports," says Mehta. He quit the partnership after three years, in 1992, when the liberalisation process was beginning to take hold.

MAIN MARKETS:

US	30%
AFRICA	30%
EUROPE	5%
OTHERS	35%

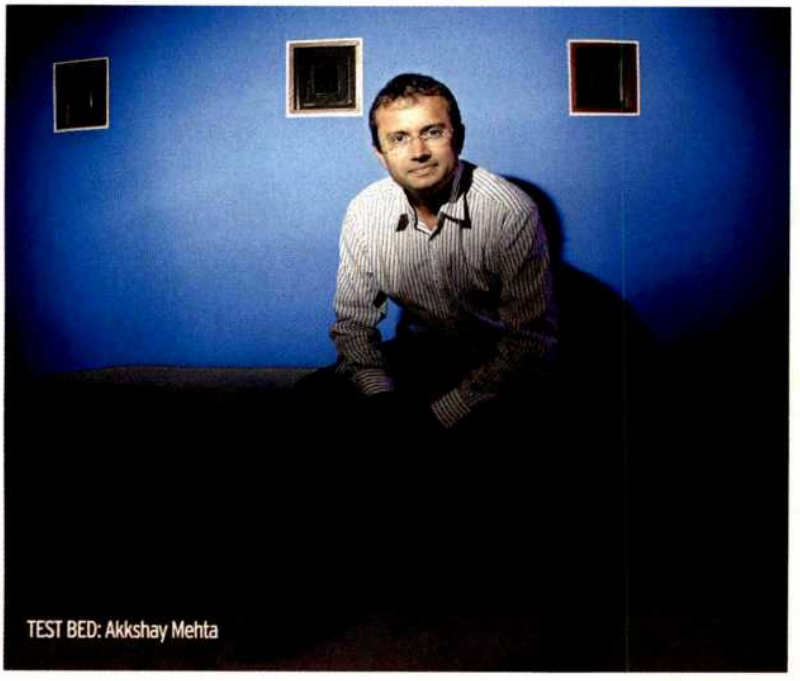
DIFFERENTIATOR: Innovative formulas, strong branding and aggressive pricing

CUSTOMERS: Products are sold in pharmacies in most developing countries and in health food stores in the US and other countries

BUSINESS: Exports pharmaceutical and nutraceutical products

FIRST ORDER: Third quarter of 1992 of just $15,000

TOTAL INCOME: Rs 305 crore for the year ended June 30, 2010



NISHIKANT GAMRE

TEST BED: Akkshay Mehta

"I decided to enter into pharma exports," says Mehta. "It was fun starting all over again." His initial capital was Rs 10 lakh, mainly his savings and loans from family.

This time, Mehta began by exporting antibiotics made by others. He hit the jackpot in the very first year, reporting a turnover of a crore rupees. Four years later, he bought a brand new manufacturing unit that was lying idle.

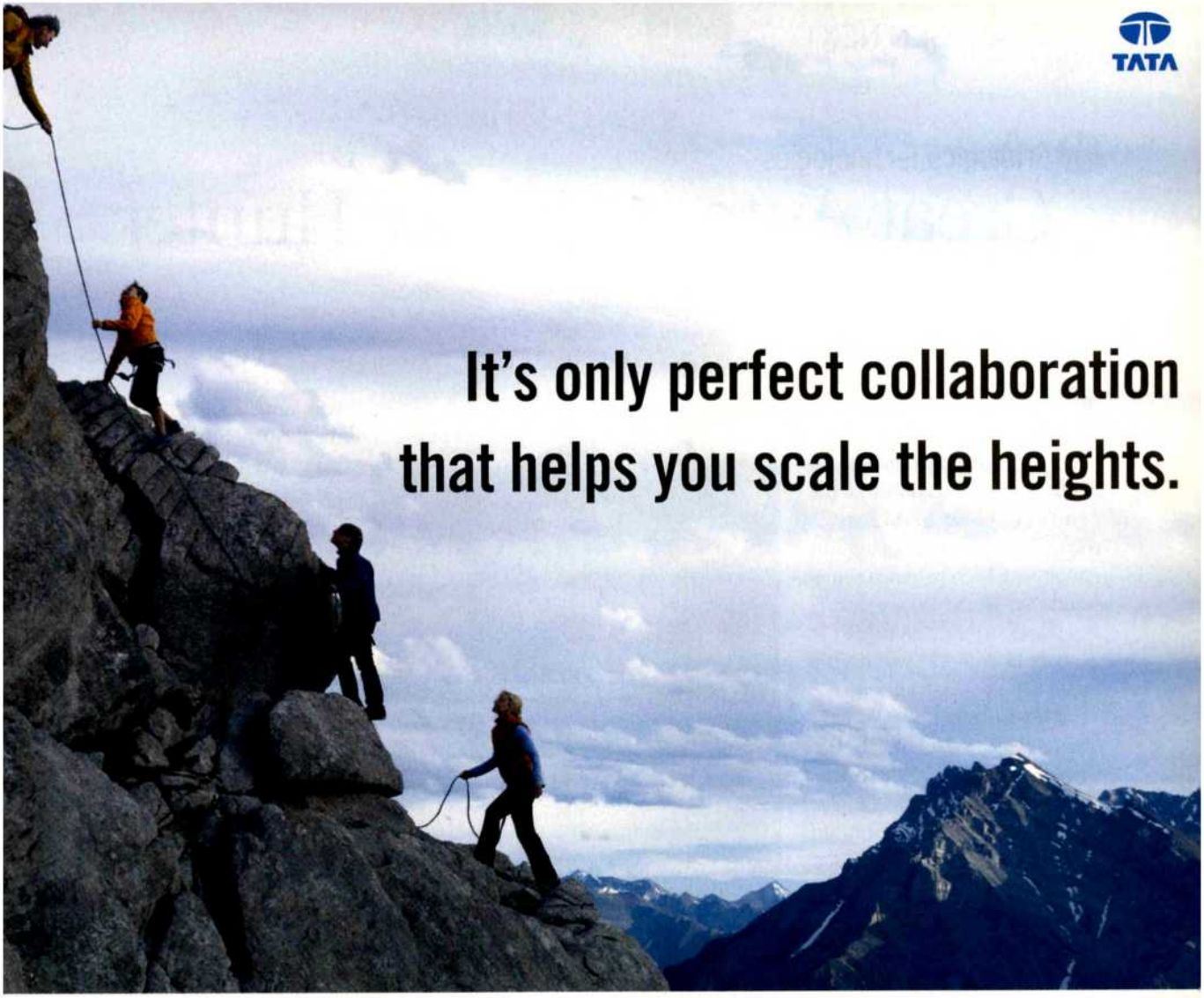
Exporting antibiotics, painkillers and over-the-counter drugs, Mehta had a turnover of Rs 20 crore by 1999. Then came a bad phase that lasted till 2003. Mehta had to go through a series of registrations and regulatory approvals overseas. In 2006, Mehta was also thinking of diversifying and saw a big opportunity in nutraceuticals. A year later, he also started work on a facility in Madhya Pradesh that was approved by the US Food and Drug Administration.

"We have 30 products today," says Mehta. Sold under the MissionPrime brand, the products promise memory enhancement and weight loss, among other things. The nutraceuticals division already accounts for 30 per cent of Vivacare's turnover. "The contribution will be 50:50 by 2011," predicts Mehta.

He is betting big on nutraceuticals, which he claims has a global market size of over $125 billion. "This space will be larger than pharmaceuticals, "says Mehta.

And he is ready to run that extra mile to exploit this big opportunity.

ANAND ADHIKARI



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Gridlogics Technologies

Great Automatic Idea Hunter

With nearly half-a-million patent applications filed globally in 2009, how do you know that the product your company's research team is developing has not already been patented somewhere? Or, maybe you are looking for ideas from patent filings. Either way, to do a check, you need a huge staff and plenty of time.

Well, you need not if you have a text mining tool such as the one developed by Gridlogics Technologies, which was founded in 2004 by Manish Sinha, an electronics and communication engineering graduate from the Birla Institute of Technology, Mesra. Sinha started his career with Hughes Software in Delhi where he specialised in text mining in which intelligence relevant to a consumer is extracted from large volumes of data.

After working in the software services sector for almost four years, Sinha was clear that he wanted to make his own products instead of developing code for others. Friends, family and co-workers encouraged him. "One evening I read *Rich Dad, Poor Dad* and quit my job the next day. Two months later, Gridlogics was formed," says Sinha.

Gridlogics focused on building products initially, using two technologies — grid computing and text mining. "After about one year, we focused completely on text mining and began work on a product designed for text-mining patents," says Sinha.

The result was Patent INSIGHT Pro, Gridlogics' flagship product that was launched in 2007. A document describing a patent can run up to 30 pages. "We use algorithms to process large volumes of patents to bring out intelligence that is relevant for professionals in large companies that are R&D-driven, as well as legal professionals," says Sinha.

A PATENT WINNER: Manish Sinha

UMESH GOSWAMI

MAIN MARKETS:

US	50%
EUROPE AND ASIA PACIFIC	25%
DOMESTIC	25%

DIFFERENTIATOR: Its flagship product stands out with core algorithms, which go deep into the text and bring out relevant insights. And it is customisable

CUSTOMERS: Research & Development and legal patent professionals

BUSINESS: The product helps clients globally in deriving actionable intelligence from masses of patent data

FIRST ORDER: In 2007

TOTAL INCOME: Not disclosed

The first buyer was from the United States, Washington Patent LLC, which provides patent research services for clients worldwide. Says Shane Davis, Search Manager for Washington Patent: "Since purchasing the software, I have completed over 150 projects and was surprised at how available and comprehensive Gridlogics' technical support is." Since then, Gridlogics has found users elsewhere in the US, Europe and Asia Pacific.

Sinha, who started Gridlogics with personal funds of Rs 15 lakh, claims the company is doubling its revenues every year. Gridlogics signs up 4-5 new accounts every month, from single-licence subscriptions to a 5-10 licence accounts.

Sinha says they are a profitable company and profit from the flagship product is helping in funding the work on newer products.

"Our products help our customers save almost 70 per cent of the time they would otherwise have to spend on manual research," he says.

Sinha, who loves to go on long drives to new destinations when not at work, says: "We want to be leaders in research and intellectual property and analysis products."

ANUSHA SUBRAMANIAN

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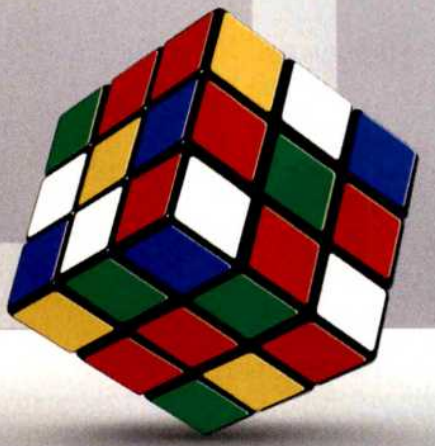

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Best Roses Biotech

Roses are Forever

Navsari, 37 km off Surat, is home to scores of non-resident Indians, or NRIs, with their eye-catching bungalows and lavish lifestyles. But if you bump into Kumar Patel, you will not be able to guess that he has spent seven years in California as a student.

Patel's family had been in the diamond-polishing business for three generations. But, after five years in the business, he saw that it was getting too uncertain. In 2002, he convinced his elders to get into flowers. He had vivid memories of California's booming floriculture industry, and was convinced that Navsari had the perfect climate.

Patel started growing roses at greenhouses near Navsari, and exporting them to Japan, Europe, Australia and New Zealand. The first shipment to Japan is fresh in his memory. He took the flight that carried the consignment, all of 20,000 roses, got it cleared and stayed on in Japan for three weeks asking for more shipments and understanding the quality requirements.

MAIN MARKETS: Japan, Europe, Australia, New Zealand

DIFFERENTIATOR: Has a strong focus on quality owing to which their roses are sold and respected as an Indian brand

CUSTOMERS: 30

BUSINESS: Exporting cut roses

FIRST ORDER: 20,000 cut roses in April 2004

TOTAL INCOME: $900,000

Japan uses fumigation as a non-tariff barrier. At the slightest trace of a pest or disease, the entire consignment has to be fumigated. This not only costs money but reduces the shelf life of the flower. Patel claims only seven per cent of his shipments were fumigated last year.

Misato Flower Trading Co., the first buyer of Best Roses, is today its largest customer, accounting for half its exports. "Best Roses understands the culture of Japan and what the customers need," says Atsuhiro Kushida, Misato's President.

Patel has moved away from production to marketing. Last year, he exported four million cut roses, and wants to export 10 million this year by tying up with growers across Gujarat, Maharashtra and Karnataka. Best Roses has also formed a joint venture with Malaysia's Fasih Laris to set up greenhouses for growing Dutch roses. Next stop: Uttarakhand.

"Logistics is a challenge, but then it is not easy to be in the perishables business," says Patel.

RAJIV BHUVA

PETALS OF FORTUNE: Kumar Patel

RACHIT GOSWAMI/www.indiatodayimages.com

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BuzzFactory.net

Social Secretary to Businesses

Traditional public relations or PR management is passé for those who know Pune-based BuzzFactory.net: the fledgling company creates a buzz online for its clients using social media. Founded by Neil Sequeira just a year ago, it is involved in content writing, online publishing, business blogging, managing social media accounts, building online communities and keeping its clients' social persona active.

Sequeira, a commerce graduate from Pune's Wadia College, also has an MBA from the University of Wales and has been working with start-ups since 2000. In 2004, while working out of Pune for a start-up, a boutique lead-generation company based in California, his job was to help create online visibility for the company. That gave him the idea of BuzzFactory.

"BuzzFactory.net started with one customer, Axero Solutions, which was writing social networking software. We helped them with their business blogs and their social media initiatives...It was through Axero's reference, word of mouth, and social media that we bagged our other clients," says Sequeira.

Today, BuzzFactory has eight clients, mostly abroad. Svetlana Zakharina, founder of YogaCara Apparels of New York, has been a client for one year. "BuzzFactory is extremely professional and their work has helped me a lot in terms of building my business," Zakharina said, when contacted by BT. BuzzFactory publishes an online magazine for YogaCara.

MAIN MARKETS:

US 60%

ASIA 30%

EUROPE 10%

DIFFERENTIATOR: Builds and manages a content ecosystem for social media marketing

CUSTOMERS: Diverse sectors, from apparel makers and investment banking companies to a spiritual magazine

BUSINESS: Helps clients by building an online presence for them

FIRST ORDER: In 2009

TOTAL INCOME: Rs 25 lakh

How different is BuzzFactory.net from other companies that do online and social media marketing or blog marketing? Sequeira says there are a lot of search engine optimisation (SEO) and traffic professionals who offer solutions that do not always help build a relevant audience or sales.

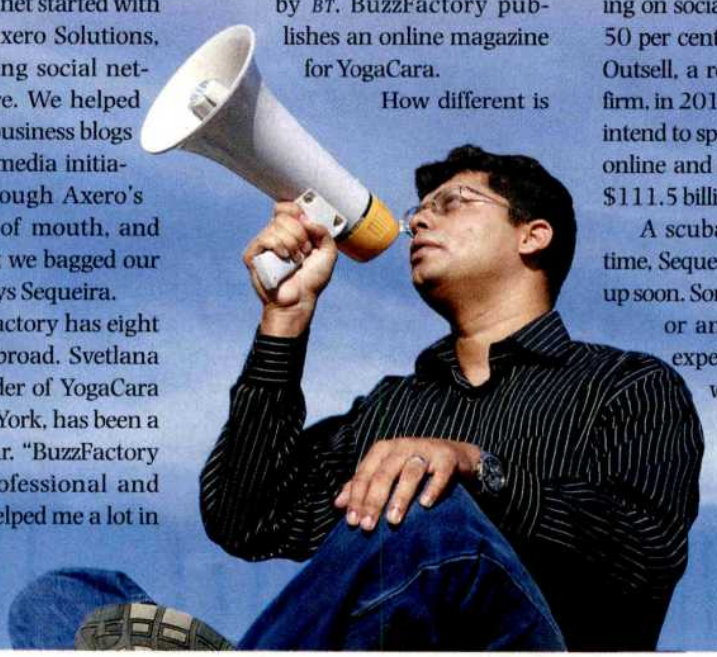
"BuzzFactory's solutions are a combination of content marketing and social media marketing," says Sequeira. "It may not be the fastest way to get a spike in traffic but is a consistent method of building a content ecosystem and long-term online assets for our customers. That is the main differentiator for us."

Having started with just some home space and a laptop, BuzzFactory.net has a turnover of Rs 25 lakh, and six people working from remote locations.

Sequeira says globally spending on social media is growing at 50 per cent a year. According to Outsell, a research and advisory firm, in 2010 alone, US companies intend to spend $119.6 billion on online and digital efforts against $111.5 billion in print.

A scuba diver in his leisure time, Sequeira now plans to scale up soon. Some early stage funding or angel investments are expected. "The next step would be to take what we've learnt and grow," he says. ◆

ANUSHA SUBRAMANIAN



SPEAKING SOFTLY: Sequeira has just six people creating a buzz

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Mr. S. Badrinarayanan, Vice President
RTE – Ancillary Unit of Brakes India Limited

"Ramco OnDemand ERP has helped us to strengthen our visibility and control across locations. The application integrates all business processes and provides reports on key operational parameters; this helps us to take well-informed business decisions. We find Ramco OnDemand ERP very user-friendly and our users are able to adapt to the application in a short period of time. I would like to mention that the support shown by Ramco Systems is really commendable."

Dr. A.S. Trivedi, Managing Director
Roop Telsonic Ultrasonix Limited

"Ramco OnDemand ERP has helped us to strengthen visibility among the franchisees and parent company. We now operate on the same application, resulting in better understanding and improved overall efficiency. We find Ramco OnDemand ERP very user-friendly, and the users are able to adapt to the application very easily. The support provided by Ramco Systems has been timely and quick; this has helped us enormously in implementing the solution, and we are very satisfied."

Mr. Dinesh Victor, Director
SIP Academy India Private Limited

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Get the Most Out of Global Moves

Indian companies have expanded aggressively across the world and have established many global businesses over the past decade. Between 2002 and 2009, the share of foreign revenues for the top 100 Indian companies (by market capitalisation) rose sharply from 17 to 29 per cent, and many smaller companies and entrepreneurial ventures have been "born global" as well.

With ready financing, high P-Es, and willing leadership teams, the question now is not so much as whether to be global, but how to maximise value from globalisation. Deliberate choices on design and execution will differentiate Indian firms in the coming decade, just as they did for winners and losers among Japanese firms who pursued similar expansions in the 1980s and 1990s. Here are some steps that Indian companies could consider.

Pick your purpose: Entering an international market should be backed by an explicit rationale and not merely by peer pressure or availability of deals. Businesses seeking global expansion need robust domestic business platforms that aid financial stability and expansion. Huawei, the Chinese telecommunications hardware manufacturer, rapidly expanded international market share by leveraging its research and development capabilities and efficient labour model to develop innovative but low-cost products.

Look for granular growth opportunities: Rather than high-level assessments (e.g., developed versus emerging markets), Indian companies should take a granular approach to figure out their specific customer segments, micro-markets, and channels. For example, Haier, the Chinese white goods manufacturer, entered the saturated US market and succeeded by focusing on college students, an under-served segment. Haier launched a compact refrigerator with an attached computer table. Similarly, Samsung and LG, the South Korean multinationals, have created specific brand and customer experiences to drive their growth even in mature markets such as the US and Europe.

Use M&A but drive performance: Mergers and acquisitions, or M&As, are likely to become inevitable for most companies looking to scale up their growth. The challenge is how to create value from the deal in the absence of traditional cost synergies. So it will not pay to take a "passive, friendly acquirer" approach, or to overwhelm the acquired company with new processes. Some executives think performance improvement drives out costs, but that is not true always.

Many Indian companies have created value through a disciplined approach to improving the target's performance via early and visible revenue wins (e.g., via sharing distribution networks, improving sales force effectiveness) combined with the ability to bring in two or three new managers, and a programme to boost morale among the top 100 executives.

Risk management capabilities: Most Indian companies are still in the early days of managing enterprise-wide risks, particularly for less familiar arenas like currency, regulatory, credit, and operational risks. Several companies have been caught by surprise by the range of these risks in markets where they lack the networks and insights they would naturally have in India. Indian companies aiming to build a sustainable global leadership position will have to do a lot to upgrade their ability to identify and manage these risks, and create the right risk culture in their overseas businesses.

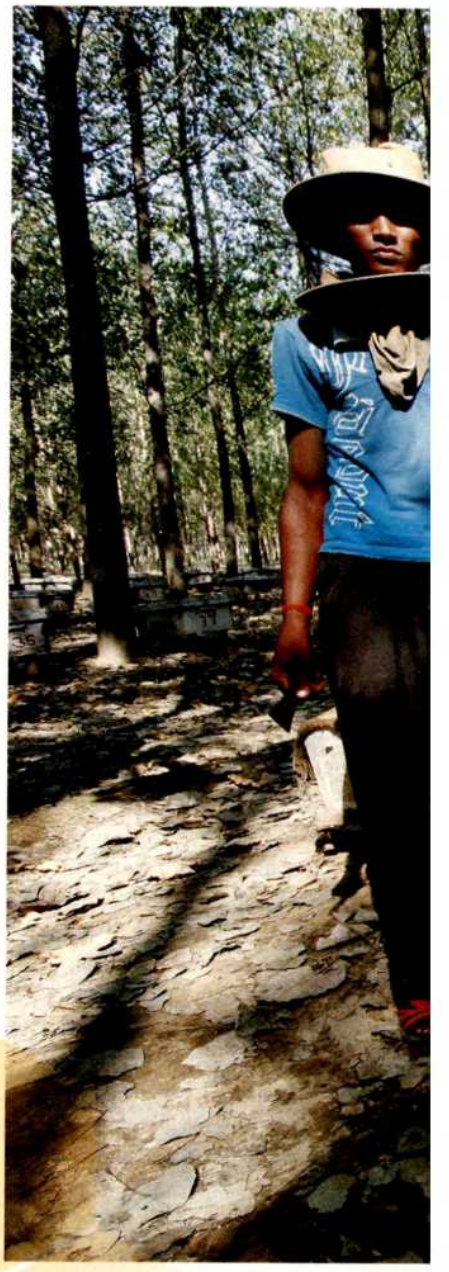
Attract and retain global talent: Many Indian companies (similar to their Chinese counterparts) have found it difficult to attract and retain high quality international talent because of their limited global reach and brand presence, and a sense that few senior roles are available to them. Paying a compensation premium could work in the initial stages, but will not be enough, as many Indian, Latin American and Asian firms have learnt. Creating a dedicated cadre of Indian and international executives, increasing pay-for-performance significantly and giving non-Indians visible roles in the senior ranks are some levers that have worked. ◆

Winners will move beyond peer pressure and hype and be open to learning from the history of other Indian and Asian firms, say Alok Kshirsagar, Gautam Kumra and Priyanka Aggarwal

Honey Money

BT captures the swift journey of Kashmir Apiaries from bees to B-school with no stops to smell the roses.

PHOTOGRAPHS BY
SHEKHAR GHOSH
TEXT BY
K. SAI SRINIVAS



FIRST DOLLAR: Came in **1997** from **80 tonnes** exported to the US. The Kashmir Apiaries Exports' (KAE) latest turnover was **Rs 324 crore**, with exports fetching **Rs 178 crore**

MAIN MARKETS: The US, Europe, West Asia and Africa

THERE'S NO SUCH THING AS FREE HONEY: Director Shahzada Kapoor, 37, at a farm. Way back in 1978, Ludhiana-based Punjab Agricultural University was offering farmers free hives to run trials of a bee species that had just been introduced in India, the Italian *Apis mellifera*. Shahzada's father Jasjit Singh, then a 27-year-old small-time businessman with an acre of land, wanted to rear bees but did not qualify for the free hives. So he decided to buy five hives of *Apis mellifera* from farmers for Rs 1,000, a princely sum then for a man of his means. Today, he rears more than 50,000 bee colonies — a record — on 70 acres near Ludhiana.

KEY DIFFERENTIATOR: Buyers in the US and Europe only accept honey of *Apis mellifera*. Had Jasjit Singh been rearing any local variety, he could never have cracked the foreign markets.

BUSINESS LESSON: Think evolution, not revolution.

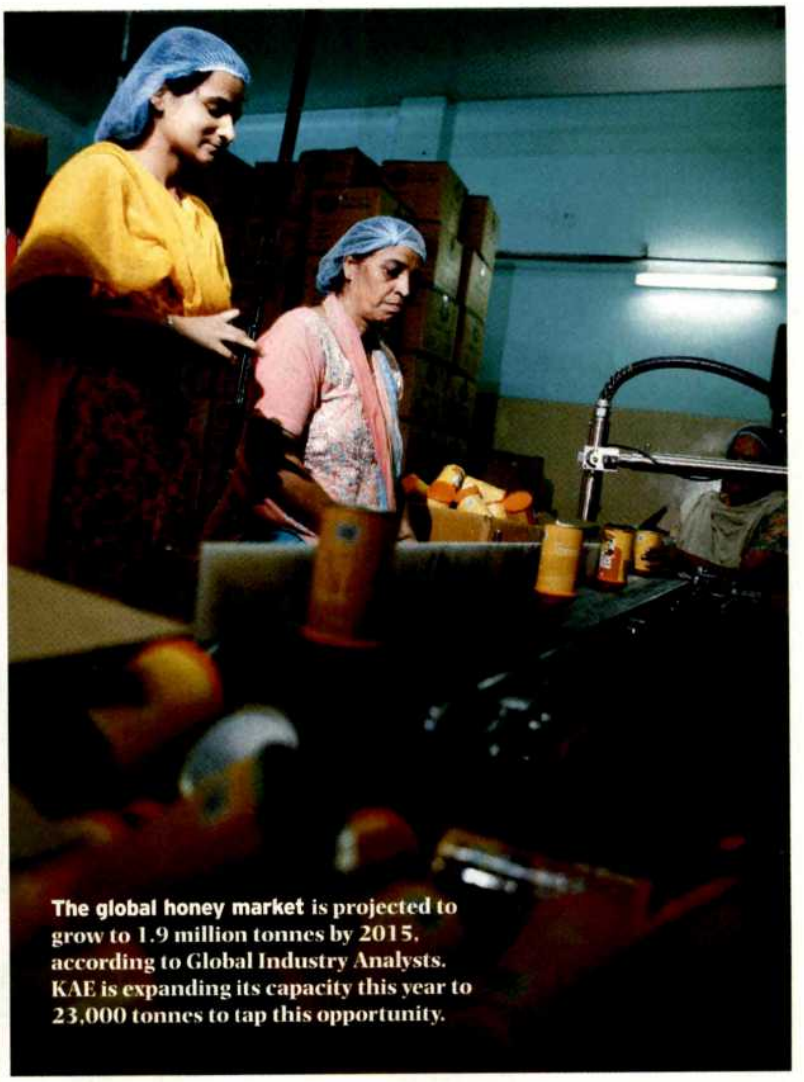
Jasjit Singh, 59, and wife Parvinder Kaur, 56, who is also the Managing Partner, at their honey storage facility at village Doraha near Ludhiana. With a storage capacity of 10,000 tonnes, it is India's biggest.

KEY DIFFERENTIATOR: **KAE scores over its Chinese rivals in the world market. In Germany, for instance, China does not have a good reputation as an exporter, says Michael Mehler, who imports 5,000 tonnes annually from India. In the US, honey from China attracts anti-dumping duty, making it prohibitively expensive. India has a competitive edge, says Parvinder Thapar who imports between 3,000 and 5,000 tonnes of honey from India every year. "When I sell honey in the US, I have to submit an affidavit that my supplies are from India, and not China," he explains.**

BUSINESS LESSON: In the global food business, trust comes before taste.

Quality First: With dozens of small bee-keepers supplying honey from different flora, ensuring a consistent taste and quality can be difficult. Jasjit Singh puts his trust in science.

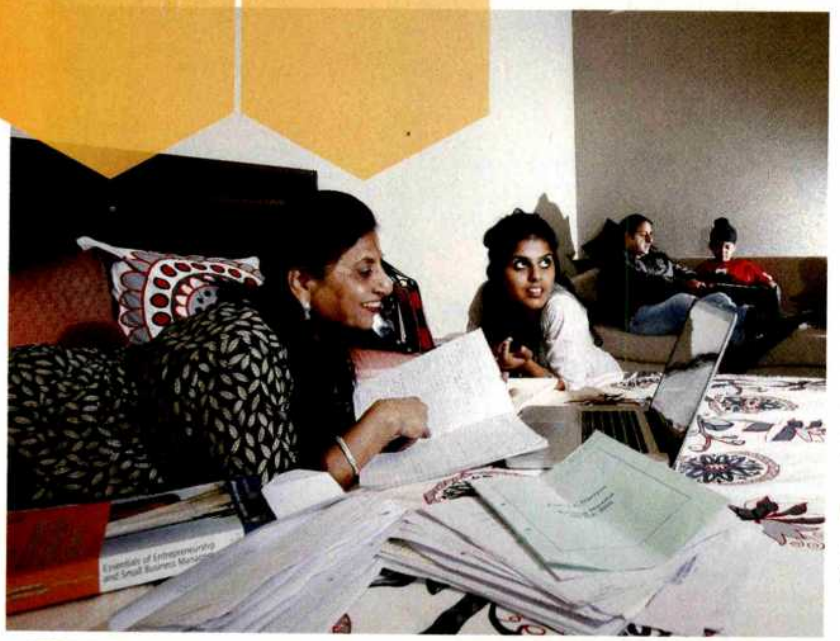
Global Game: Earlier, KAE used to send its samples to Germany for testing, spending Rs 40,000 on each lot. Its new lab saves this cost while helping it to meet strict European standards.



The global honey market is projected to grow to 1.9 million tonnes by 2015, according to Global Industry Analysts. KAE is expanding its capacity this year to 23,000 tonnes to tap this opportunity.

Local Markets Beckon: KAE is a leading supplier to private labels such as Reliance, Aditya Birla Group, Future Group and Easy Day. A foray into snacks has found a ready taker in Café Coffee Day.

Not Just Honey: Shahzada has staked a lot on launching products in line with modern lifestyles. His organic honey — 5,000 tonnes a year — fetches a premium. Royal Jelly, rich in proteins, and Bee Venom, used in arthritis treatment, are next in line.



ART OF LIVING: Shahzada (on sofa), mother Parvinder (on the bed) and sister Ritu Kapoor, 24, are putting into practice what they learnt at IIM Bangalore. These include investment in branding and entry into the domestic market as suppliers to private labels of retail chains and through their own honey boutiques.

KEY DIFFERENTIATOR: The KAE family's entrepreneurial instinct coupled with modern business management theories is a recipe that rivals find hard to copy.

BUSINESS LESSON: No copying. Pave your own road to success, says Shahzada.

'WE ARE ALL MICHELANGELOS': To increase visibility amongst customers, the KAE family travels frequently (though not in the BMW above). Shahzada's 31-year-old brother Raja Singh Kapoor (in striped T-shirt),who is also a director, left for the US to set up a warehouse there the day after *BT* met him. The KAE family shares responsibilities such as purchasing, marketing, branding, finance and social work. As the patriarch says, it is never too early to start being creative. Shahzada's 10-year-old son Yuvraj (in red *patka* or headgear) will soon start spending his Saturdays in the factory and earn his first buck.

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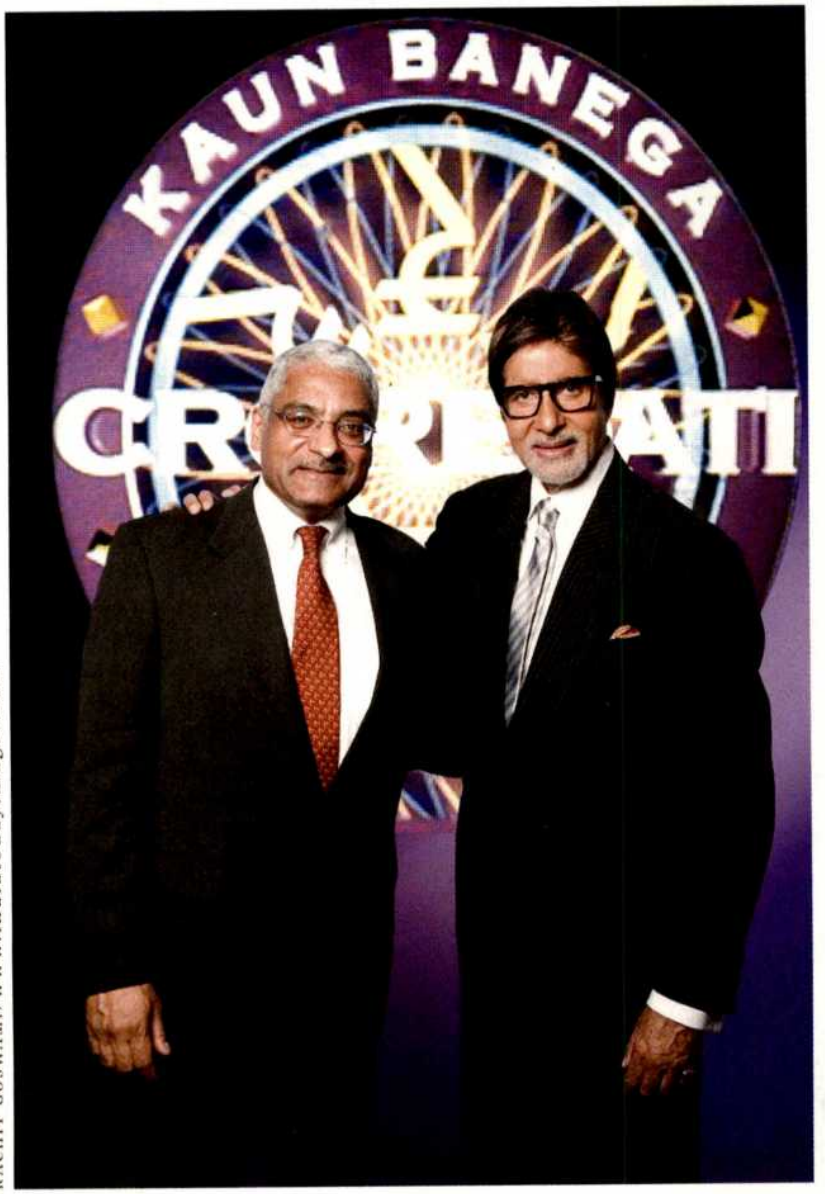
Banking on BACHCHAN

Sony Entertainment Television needs a cracker of a programme to shake off stagnation. BY ANUSHA SUBRAMANIAN



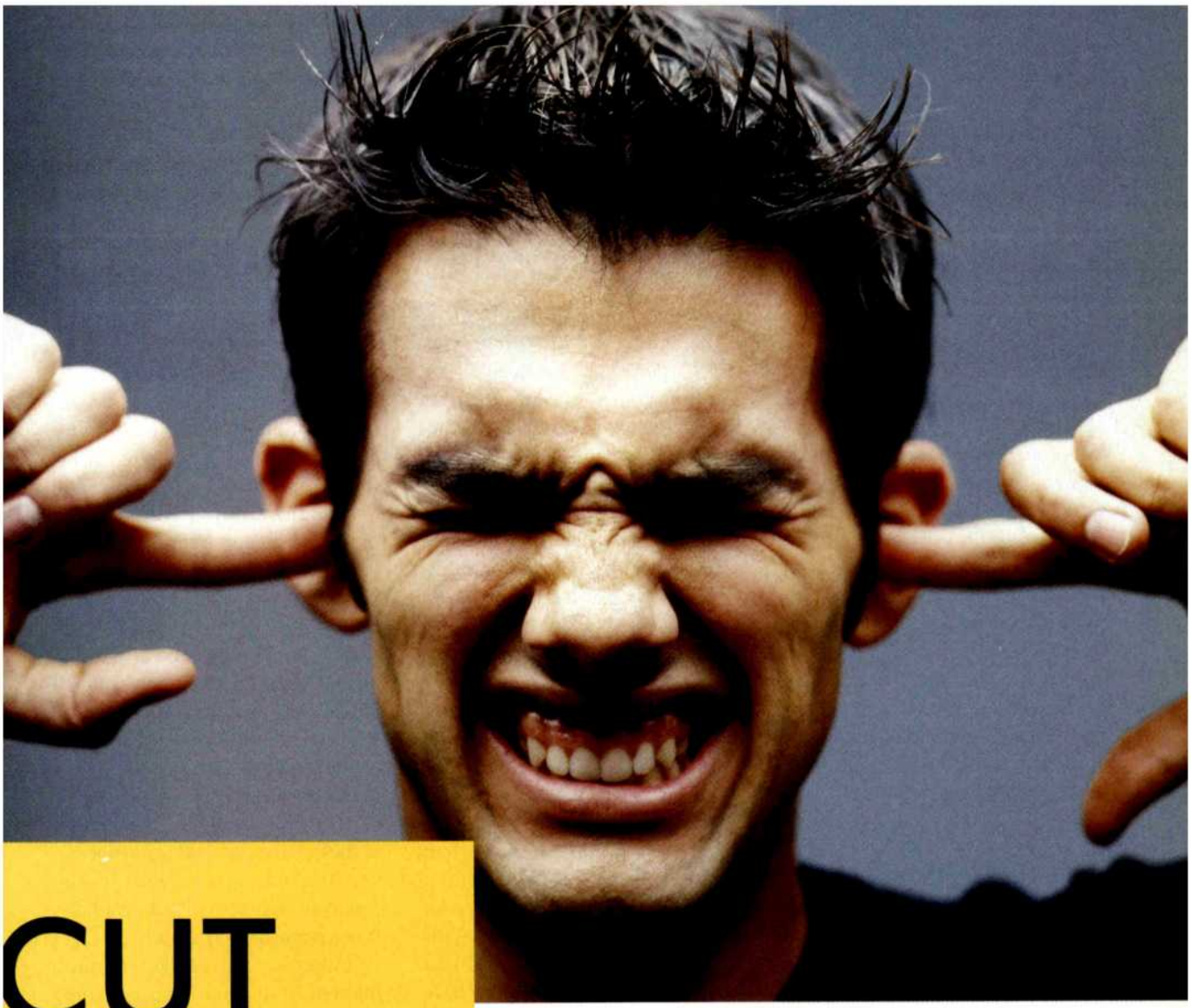
RACHIT GOSWAMI/www.indiatodayimages.com

Here is a little secret. Sony Entertainment Television (SET) wooed Amitabh Bachchan for six months to get him to host *Kaun Banega Crorepati* (KBC) again. Big B is a very busy man today, but SET had serious research findings to seek out Bachchan.

Cut to circa 2000 when, on a rainy evening in July, Bachchan started hosting the Indian version of television quiz show *Who Wants to be a Millionaire?* It proved to be a double bonanza. In a matter of days Rupert Murdoch's Star Plus, on which KBC was being aired on prime time, raced past Zee Entertainment and Sony to the top. KBC's first episode took the Star network flagship channel's market share up from two per cent to 25 per cent. And, yes, in the process Bachchan was born again professionally.

After 270 episodes that ran for 18 months, Bachchan was back in 2005 with KBC-2, which, although still popular, could never match the first season's success. According to television audience monitoring

Ready to lock and load: Man Jit Singh, CEO, MSM with Amitabh Bachchan



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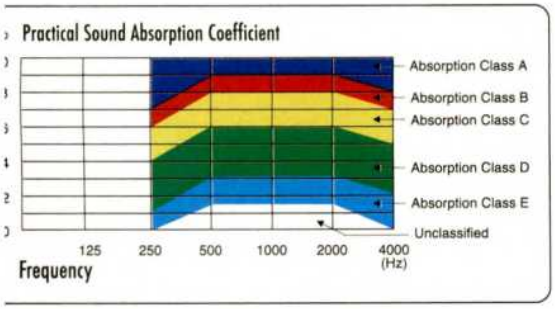
AND INCREASE EMPLOYEE PRODUCTIVITY



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"In the current scenario it is just another show"

Sameer Nair, CEO, Imagine TV

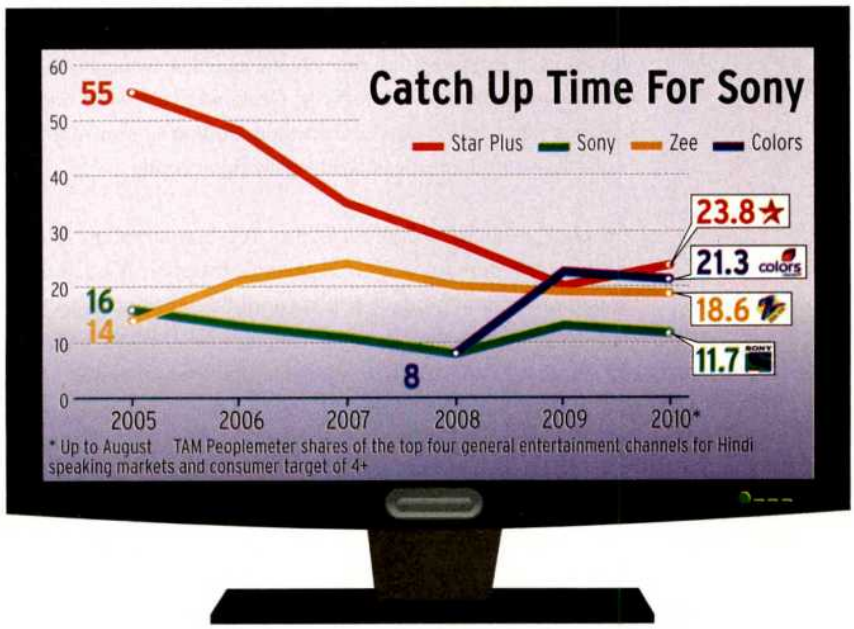
agency TAM Media Research. KBC in its first run had average television viewership rating, or TVR, points of 14.1 (one TVR represents 1 per cent viewership in the surveyed area in a given minute). The average for the second and third season (the third was hosted by Shah Rukh Khan) dropped to 11.1 points and 6.8 points, respectively. To buck that trend, the fourth season needs some serious thinking out of the idiot box.

Small wonder then that a circumspect Bachchan has taken his time to come back to the KBC hot seat — he will be in it on his 68th birthday on October 11, 2010. If bringing alive a fourth season seems daunting, what makes Big B's task even more of a challenge is that SET, the flagship channel of Multi Screen Media, or MSM, is a distant fourth behind the top three Hindi entertainment channels that can sniff each other on the charts (See *Catch Up Time For Sony*). MSM is the Indian arm of Sony Pictures Entertainment Inc, which had acquired the rights to *Who Wants to be a Millionaire?* in 2008.

Ajith Thakur, Executive Vice President and business head at SET, is the man in charge of content. Thakur, who had managed KwalityWalls for Hindustan Unilever before joining the television industry, swears by research. "The viewer response was unanimous that Bachchan should host KBC," he says. The research, targeted at women, also indicated that they wanted to watch television with their family, and KBC with Bachchan could bring the family together. Thakur explains how KBC-4 is a lot speedier. The number of questions to Rs 1 crore has come down to 12 from 15. The first six questions have a time limit for answering. There are new lifelines, like an expert in the studio and a second chance to answer a question if the first answer is a mistake. And there will be just 36 episodes.

Can this tinkering recapture the magic? Sameer Nair, who first launched the show as programming head of Star Plus and is now CEO of Imagine TV, is not so sure. He says: "A decade ago KBC was one of a kind. Today it is just another show." Man Jit Singh, Chief Executive Officer of MSM, who took over from Kunal Dasgupta — the company's CEO for 14 years — in February 2009, does not disagree: "The television landscape has evolved in the last 10 years and we do not expect the same results. But we feel confident that KBC will yet again deliver a strong performance."

Advertisers have begun showing interest. At the time of writing, media planners told BT that 10-second advertisement slots were being sold for Rs 2.5 lakh-Rs 3 lakh. That is below the Rs 4 lakh per 10 second rate KBC commanded in its heyday, but is in line with what the leaders like Star Plus and Colors charge for primetime shows today. It is also almost three times the average of what Sony charges for 10-second slots for its popular serials. For KBC, Sony also has two presenting sponsors in Cadbury's and Idea Cellular and the KBC cash box already had Rs 100 crore 10 days



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before it went on air.

SET is a year into a complete overhaul. It had inked a deal with Yash Raj Films for exclusive fiction and non-fiction content last year. New shows like *Lift Kara De* with Karan Johar and DJ's Creative Unit's *Baat Hamaari Pakki Hai* (which is still on) did help the channel cover some distance — from the 80 gross ratings points (GRPS) mark at the beginning of 2009 to a peak of 184 last fortnight. A GRP measures the cumulative size of the audience reached by a channel's programmes. But as MSM enters a new phase of ambitious growth it is banking on KBC-4 to steady its flagship channel SET (see *Sony's Game Plan*).

According to TAM's latest weekly data on general entertainment channels, or GECS, Star Plus (368 GRPS), Colors (273 GRPS) and Zee TV (237 GRPS) all better SET (184) in the week that ended on September 25. None of SET's serials figure in the top 10 ratings chart. A decade ago, it was a different story. In 1999-2000, before the launch of KBC-1 on Star Plus, SET had touched the No.1 spot, driven by shows like *Aahat* and CID. SET's channel share has dropped from a high of 18 per cent in 2004 to 11.7 per cent in 2010. But then comparisons with past viewership trends may be unfair. As advertising honcho Sam Balsara, head of Madison World, says: "As the number of channels available has gone up there has been a downward trend in ratings."

Sony may be behind the leaders but it has done well to more than double its GRPS in the past 21-odd months. "Earlier, our positioning was not clear. Now we have a clear positioning and a strategy for SET. It is a channel for women in the 15-34 age group, who are ambitious and yet progressive in their thinking," points out MSM COO N.P. Singh. Yet, more than Star, Colors and Zee, the channel that could embarrass SET the most is the one in its family, SAB TV, whose latest GRPS stood at 122 (see *Funny Thing, Success*, BT *July 25*). Man Jit Singh, though, sees little room for competition between the two.

"SAB has been performing brilliantly but the audience it targets is different from the predominantly women audience targeted by SET. We see the two channels complementing each other rather than cannibalising each other," explains Man Jit Singh. In the meantime, MSM is also laying the ground work for new channels for sports and music.

Thakur says SET will continue to pioneer new TV formats with differentiated, disruptive scheduling and inclusive content. "My focus is on the future. We are backing KBC with two new fiction shows. After KBC, we will have a show called *Saas Bina Sasural*, a story of a girl married into a family of five men, says Thakur. Adds Man Jit Singh: "We believe our programming is bringing entirely new viewers to television. We expect this audience to grow and to set us apart."

Now it is up to the viewers to vindicate his faith. ◆

Sony's Game Plan

Movies

MSM operates seven channels — flagship Sony Entertainment Television, SAB, MAX, AXN, Animax, Sony PIX and AATH. It is seeing a 20 per cent growth year on year. PIX is gunning for a 25 per cent share of the market leveraging its tie up with Sony Pictures Entertainment for their blockbusters.

Regional

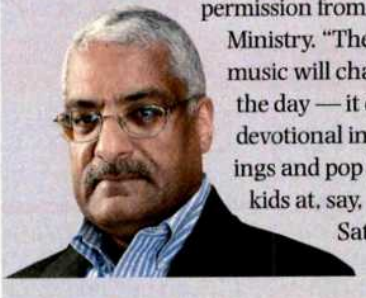
The company bought out a Bangla movie channel (Channel 8) in March 2009. "Only 1,000 Bengali films have been made and we have 400 of those, and are still buying," says CEO Man Jit Singh. It also has a Tamil film library of 380 films and is interested in Bhojpuri films, too.

Sports

MSM is also looking at a sports channel to cradle IPL. Currently, it uses Max as well as Sony Entertainment Television during IPL with Max positioned as a sports-cum-movie channel. "We want to launch a premium sports channel but will not rush into a channel until we have the properties we need," says Singh.

Music

Singh is keen on a music channel. MSM has applied for and is waiting for downlink permission from the I&B Ministry. "The genre of music will change through the day — it can be devotional in the mornings and pop for college kids at, say, 11 a.m. on Saturdays," says Singh.



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A Force to Reckon with

With a combined strength of 5.5 million, private security is already four times the size of the country's police force. BY MANU KAUSHIK

Radio for help: Private security guards outside a Delhi mall

SIPRA DAS/www.indiatodayimages.com

In December 2007, almost a year after acquiring 997 acres in Singur in West Bengal for its Nano plant, Tata Motors had to beef up the security around the land, given the mounting political opposition to the project. A few days before starting the construction, Girish Wagh, head of the small-car project at Tata Motors, called up Rituraj Sinha, COO of Delhi-based private security firm Security and Intelligence Services India (SIS) and asked for a 130-strong security contingent. SIS guards were already providing security to four other Tata Motors plants across India. That was just the beginning as protests snowballed. "I used to discuss security needs two or three times a week with various key executives at Tata Motors. As the protests started turning violent, the number of guards went up to over 600 in a matter of seven months," says Sinha.

SIS was soon entrusted with providing end-to-end security solutions to the Tatas at Singur—from perimeter fencing beefed up with electronics and thermal sensor cameras to CCTVS inside the factory premises. "The police strength was limited and their role was a bit obscure because of political issues," says Sinha.

SECURITY ON CALL

There are 30 large and mid-size firms across the country offering a wide array of services

With 5.5 million personnel in its ranks, the industry is the second biggest employer in the country

The industry has almost trebled in the last five years in value to over Rs 14,000 crore

The unorganised sector still accounts for almost 40 per cent of the market

'Man guarding' remains the core business; manufacturing sector accounts for bulk of the demand

The Tata experience illustrates the complex security challenges faced by businesses. Private security agencies are now much sought-after as companies expand rapidly in a fast-growing economy. "Earlier, only big companies could afford private guards. The fear of terrorist attacks, rising industrial espionage and thriving criminal activities has prompted even small and medium-size companies to go for private security," explains Ramesh Iyer, Managing Director of Mumbai-based Topsgrup. This explains why the industry is estimated to have almost trebled in the last five years alone and its value is now pegged at Rs 14,350 crore.

With a combined strength of 5.5 million personnel, private security is already four times the size of the country's police force (around 1.4 million) and more than five times the size of central paramilitary forces (1 million). "Homeland security is irreplaceable. But today they have a more critical role to play. We have relieved police of the routine security and other non-critical tasks," says Nitin Deveshwar, Chairman and Managing Director, Ex-Servicemen's Multipurpose Services India (ESMS).

Many big companies would prefer the paramilitary Central Industrial Security Force or CISF but it is hugely understaffed and unable to meet the policing demand. In February 2008, Parliament passed the Central Industrial Security Force (Amendment) Bill 2008 paving the way for the body to provide security to private industrial establishments on cost re-imbursement basis. But so far, while over 100 companies have asked for CISF protection only one (Infosys Technologies) has been cleared by the ministry. Already, there are around 30 large regional private security players across the country offering a wide array of services. Man guarding remains the bread-and-butter, contributing 80-90 per cent to the business. But the fastest growing vertical is executive protection, which includes security for bureaucrats, politicians, celebrities, diplomats and company executives. "Executive protection requires skills of the NSG, defence and police personnel. A lot of retired personnel are put on the job," says Vikram Singh, Chairman of Central Association of Private

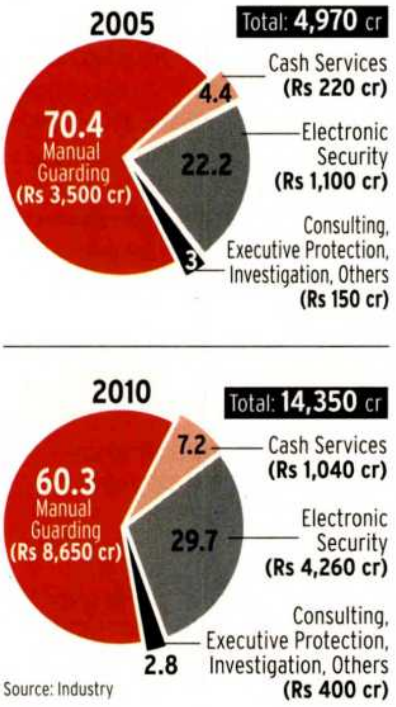
Security Industry.

"Executive protection is a high-growth, high-margin business for us. The guarding segment generates 10-12 per cent margins whereas executive protection fetches a margin of over 20 per cent," says Iyer, who provided security for celebrities such as Brad Pitt, Angelina Jolie, Michael Jackson and Cindy Crawford when they visited India.

Private security is rapidly expanding into other segments as well. In the last few years, almost every player has diversified into facility management, cash services and electronic security. The electronics segment includes installation of video surveillance, fire and burglar alarm systems and Iyer thinks that this segment will see tremendous demand. "The industry has to reduce its dependence on manual guarding," he says. Iyer's Topsgrup has signed several big-ticket deals recently, including a Rs 1 crore contract in July with Bharti Wal-Mart to set up electronic security systems across six sites.

Splicing the Market

Manual guarding remains the dominant business but there are other fast emerging segments



KULDEEP

Source: Industry

Cash management is another rapidly growing segment that includes secured transfer of cash and valuables, ATM replenishment and multi-point cash collection. "We manage the cash cycle of financial institution clients which helps them streamline operations and reduce costs," says Rupal Sinha, Regional Managing Director of Group4 Securitas (G4S), the Indian arm of the eponymous global security firm.

Cash management services are no longer used by the financial services sector alone. "There is an unprecedented demand coming from financial services, retailers, hotels, and the bullion industry," says SIS's Sinha who has a fleet of 523 vans across 130 cities. This vertical, too, has been a beehive of activity for private security agencies. Last year, SIS bagged the largest contract in cash management in recent times — a four-year, Rs 40 crore contract from Union Bank of India to secure its cash services.

Venture capitalists (VCs), hedge funds and bulge bracket investors like Rakesh Jhujhunwala have been buying into the business. In 2005, Jhunjhunwala picked up 30 per cent equity in Tops Security, the holding company of Topsgrup. In 2007, ICICI Venture also bought a 14 per cent equity stake in Tops Security, while Indivision, the investment arm of Future Group, increased its stake in the company to seven per cent. Jhunjhunwala, who still owns an 11 per cent stake in Tops Security, says he's bullish on the sector. "Our investment was driven by the fact that such service models globally receive high valuation multiples on account of high ROEs and high entry barriers," he adds. Topsgrup is now planning to hit the capital market with an IPO of around Rs 300 crore by 2011-12. Concurs Randhir Kochhar, Director of hedge fund D.E.

RAMESH IYER | **Managing Director/ Topsgrup**

"The fear of terrorist attacks, rising industrial espionage and thriving criminal activities have resulted in small and medium-size companies going for private security"

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RUPAL SINHA | **Regional MD/ G4S**

"We manage the cash cycle of financial institution clients which helps them streamline operations and reduce costs"

Shaw India Advisory Services, which bought a 14 per cent stake in SIS India for around Rs 300 crore in January 2008: "The sector is going to expand tremendously due to rapid growth in areas such as financial services, airports, ports, railways, construction and retail."

For hundreds of thousands of job seekers in India, private security throws up a wide array of opportunities. The number of people employed as guards is expected to double in the next five years to 10 million. Entry-level salaries can be as high as Rs 7,000 per month for an eight-hour duty. But industry players think it is still difficult to cater to the rising demand. "Quality manpower is the biggest challenge. Only 1 in 100 people who apply to us fulfils the eligibility criteria — personality traits (height and weight), educational qualification (matriculate) and good communication skills," says Arjun Wallia, Chairman of Securitas India, which employs 15,000 people and will take another 8,000 over the next year. Other big organised players are also scaling up. G4S employs over 1.5 lakh and will add another 50,000 by 2013 while Topsgrup has 85,000 on its rolls and is planning to recruit 36,000 people in the next two years.

SIS, one of the biggest domestic players, has gone one step ahead of its competitors. The company has tied up with the government for training and placement of rural youth under its Swarn Jayanti Shahri Rozgar Yojna. The company has also designed a diploma course in collaboration with the Indira Gandhi National Open University which gives 320 hours of training to individuals. "Almost 60 per cent of this trained manpower is absorbed by us and the rest by other industry players," says Sinha.

However, there are some concerns. The booming demand for private security has ensured the entry of several fly-by-night operators in the unorganised sector, which still accounts for 40 per cent of the market. Most of them flout the mandatory norms and guidelines for security agencies. According to the Private Security Agencies Regulation Act, 2005, every security guard needs 160 hours of training before deployment. All private security firms are required to obtain a licence from the government which involves registration of the employees. Established players like G4S, Securitas, SIS, Topsgrup and ESMS India claim that their average training hours are greater than mandated but the unorganised players seldom follow the rulebook. "The unorganised sector largely serves the residential market where there are affordability issues. They don't spend money on training and pay lower wages to the guards," says Iyer.

The private security companies also feel they are handicapped as they are not authorised to issue weapons to their employees. The agencies have to depend on individual arms license holders when there is a need. They also have to inform the police whenever they provide armed guards for the security of clients. The industry is now lobbying hard with the Ministry of Home Affairs to grant them the permission to issue firearms to their staff.

For the moment it appears certain that, given the supply-demand mismatch, the industry will continue to see exponential growth rates. ◆

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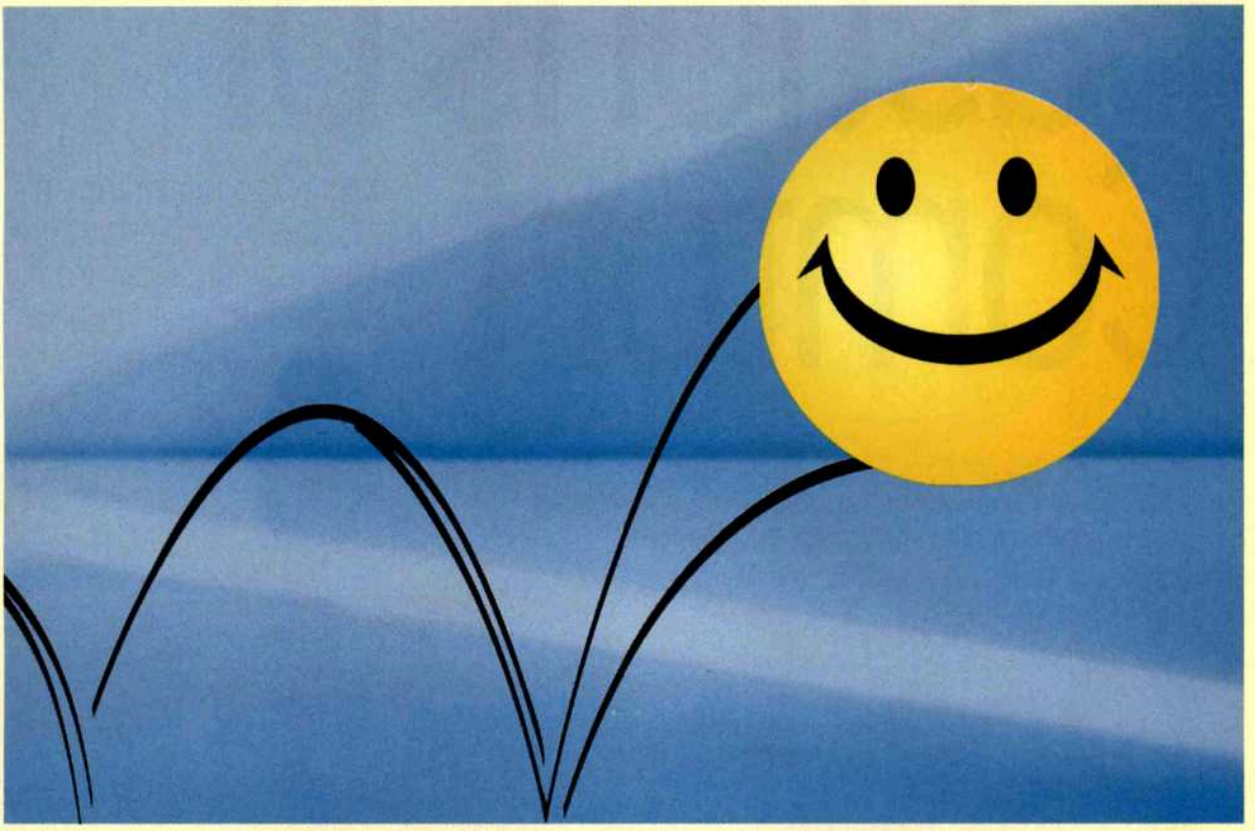

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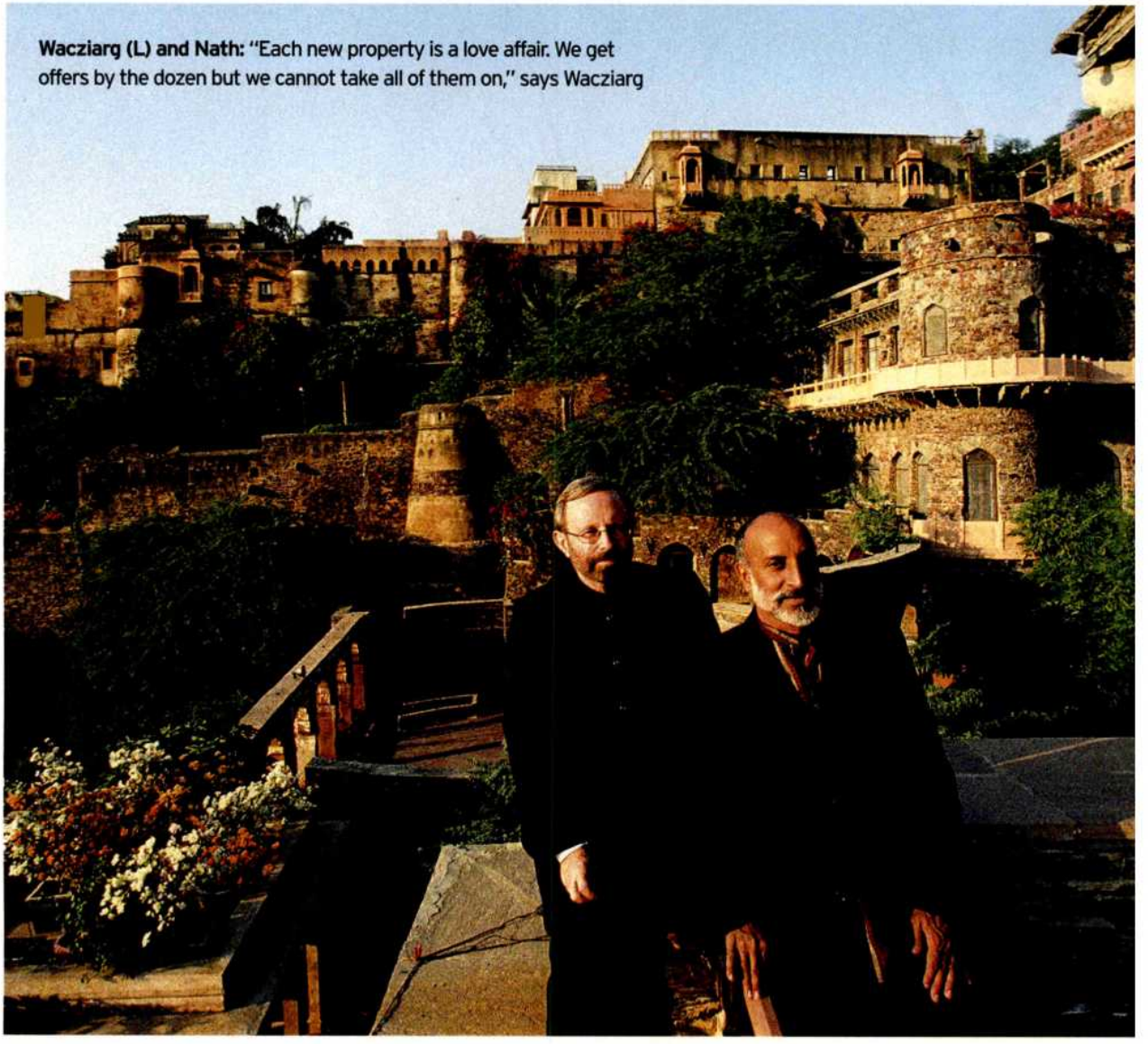
Bastions of Comfort

Francis Wacziarg and Aman Nath's love for Indian culture and heritage architecture has fused into an admirable and profitable business model. BY SHALINI S. DAGAR



Wacziarg (L) and Nath: "Each new property is a love affair. We get offers by the dozen but we cannot take all of them on," says Wacziarg

Vital Stats

TOTAL NUMBER OF PROPERTIES:
23 in 17 Destinations

TOTAL NUMBER OF ROOMS:
251

TOTAL NUMBER OF EMPLOYEES:
550

ESTIMATED REVENUES LAST YEAR:
Rs 25-30 crore

NET PROFIT:
Rs 7 crore

AVERAGE ROOM RATES:
Rs 6,000
(Range: Rs 2,500-22,000)

Employee to room ratio: 2-3

Five years ago, former cricketer Mansur Ali Khan, the ninth and last Nawab of Pataudi, was mulling cost-effective options to maintain his palace, which was built in the 1930s and is a few kilometres off Delhi. The former India captain, who was nicknamed Tiger, had been running it like a resort on his own, with limited success. "It was making money, but I am not an hotelier and I was not comfortable," he said. His basic concern was the maintenance of the 70-year-old property over the longer term.

Enter Francis Wacziarg, 68, and Aman Nath, 59, the owners of Neemrana Hotels, who had earned fame way back in the 1980s by buying and restoring the 15th century Neemrana Fort Palace in the Alwar district of Rajasthan, roughly 120 km from Delhi. Having renovated a number of heritage properties after the Neemrana Fort, like the Piramal Haveli (100 km from Neemrana) and Fort Kesroli in Rajasthan, to name just two, the duo worked out a 17-year lease with Pataudi in 2005. Since then, Pataudi Palace is being run as a part of the Neemrana Hotels network of "non-hotel hotels"— which, simply put, are hotels that don't look and feel like hotels.

Pataudi has no complaints. Apart from the maintenance, he is getting regular income and does not have the headache of running the palace. And he is not the only owner of such a property who is willing to hand it over to the founders of Neemrana Hotels. Today, Wacziarg and Nath manage 23 properties that have a total of 251 rooms across 17 destinations in India. And they are sitting on hundreds of proposals. "We get several offers every week, but every such offer cannot be taken up," says Wacziarg, who hails from France and met Nath in 1975.

"Such possessions can become a liability for the owners at some stage," say Nath. "We are able to take on that liability and turn it into an asset, thereby ensuring that the property becomes an institution as well as continuity."

As a result, Wacziarg and Nath now have a chain that comprises properties ranging from the 14th century to the 21st. Whilst some properties, like the Neemrana Fort Palace, the Verandah in the Forest in Matheran, which is close to Mumbai, and Hotel de l'Orient in Pondicherry, are owned, others like the Pataudi Palace and Glasshouse on the Ganges near Rishikesh are on lease. Each is customised to the requirements of the period, with great attention to detail. For instance, the 18th century French mansion Hotel de l'Orient has savonnerie rugs, which were prevalent at that time in France. "Every hotel that we do is a love affair," says Wacziarg.

The property the duo picks is often not the most obvious and can be away from any well-known tourist destination. The Gatehouse at Tranquebar, a Danish settlement deep south in Tamil Nadu, and the Baradari Palace in Patiala are two resorts that are off the tourist circuit.

The founders of Neemrana Hotels are like none other in that they do not follow any set rules of management — they make their own. They don't reach out to potential customers via high-decibel advertising — yet their rooms are always full (with a long waiting period) and the cash registers ringing (with net profit margins of roughly 25 per cent). They avoid common practices, like room service or television in individual rooms, and shun stereotypical receptions of guests — you will never be greeted with a *tilak* and a garland on arrival.

"We do not look at business management models because they make the product clinical and standardised, which are bad words at Neemrana," says Nath. They have spawned many imitators but none who comes close. Wacziarg explains what sets Neemrana apart, even as he lets on to one of the cardinal rules of restoration. "A lot of people do not know where to stop. Restoration does not mean reconstruction. You have to keep the old looking old," he points out.

Whilst there is little to compare Neemrana with in India, its model pretty much resembles that of the Singapore-headquartered Aman Resorts, where the focus is not on size but on an intimate and involved experience. Although each property may be different in terms of look and mood, the impression one is left with is common at all of them. And that consistency of experience explains why guests keep coming back.

"Although each hotel needs to have its own individuality, there is a common element that makes people understand that they are in a Neemrana hotel. It is not luxury, it is not service but it is more in the atmosphere," Wacziarg explains.

Author Siddharth Dhanvant Shanghvi, who first visited the 19th century mansion the Verandah in the Forest in 2006, keeps going back. He spends several weeks each year at the Matheran property writing. "Aman and Francis's conservation brings these stunning structures back to themselves. When you meet these non-hotels, you also feel returned to yourself," he says.

No room is like another at any Neemrana property

Also full of praise are those in the hospitality business. Patu Keswani, owner of the Lemon Tree chain of hotels, and Rakesh Mathur, President of WelcomHeritage, applaud the efforts of these mavericks, though they are quick to point out that Neemrana operates in a niche of its own. Keswani, who has visited the Glasshouse on the Ganges (built in the orchards of the maharajas of Tehri Garwhal), says: "The love and affection that they put into these forts and villas is evident. It is a great play going forward as Indians travel more for the experience."

Yet, the challenge for the founders is: How far can they take the Neemrana experience without diluting it? New projects are under way as they attempt to build circuits with properties close to each other. For instance, a fort in Tijara in Alwar district will soon be launched. Five other properties are also in the works. And they are working on restoring a handful of others from Hyderabad to Dehradun. Meantime, Neemrana has begun blending its own tea, making its own jams, and soon there will be a Neemrana coffee. Most of these products are consumed in-house or sold at Neemrana shops that are present in many properties.

The strategy for Neemrana — and its success — is dictated by the founders, although there is a semblance of a corporate structure with a Chief Financial Officer and a Marketing Head, amongst others, in place. Yet, the worry for Wacziarg and Nath could be two-fold. One, as the network expands, will the duo be able to micromanage every property? And, two, how do they ensure continuity of the enterprise over the long term?

Attempts to delegate and train are being made. "Even if both of us do not visit a location, it is not that it will start looking like another hotel. At the same time, our involvement is very important and very high," says Wacziarg.

Neemrana Hotels owes its success largely to the relentless focus and effort of its promoters on providing a certain kind of experience, look and mood across all its properties. That is something that no management school can teach, and cannot be injected into professionals overnight. Neemrana is successful today because of its size, which makes replication of the experience relatively easy. That exercise can only get more challenging as the network gets more widespread. ◆

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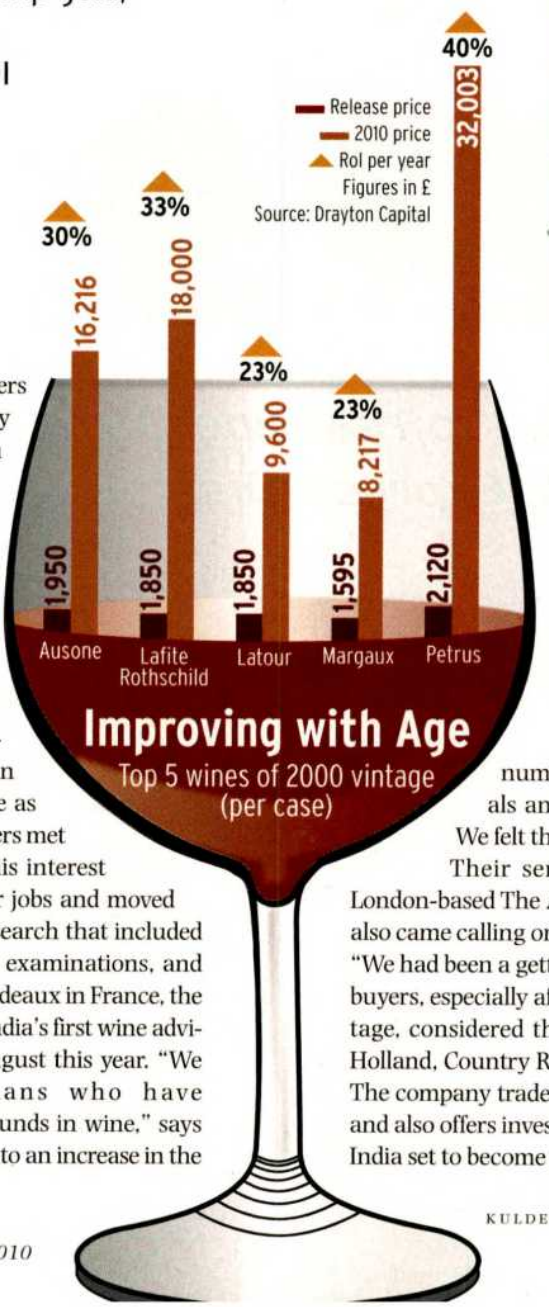
A Full-bodied Portfolio

Indian investors are developing a nose for vintage wine, which can fetch returns that outstrip gold, equities and property.

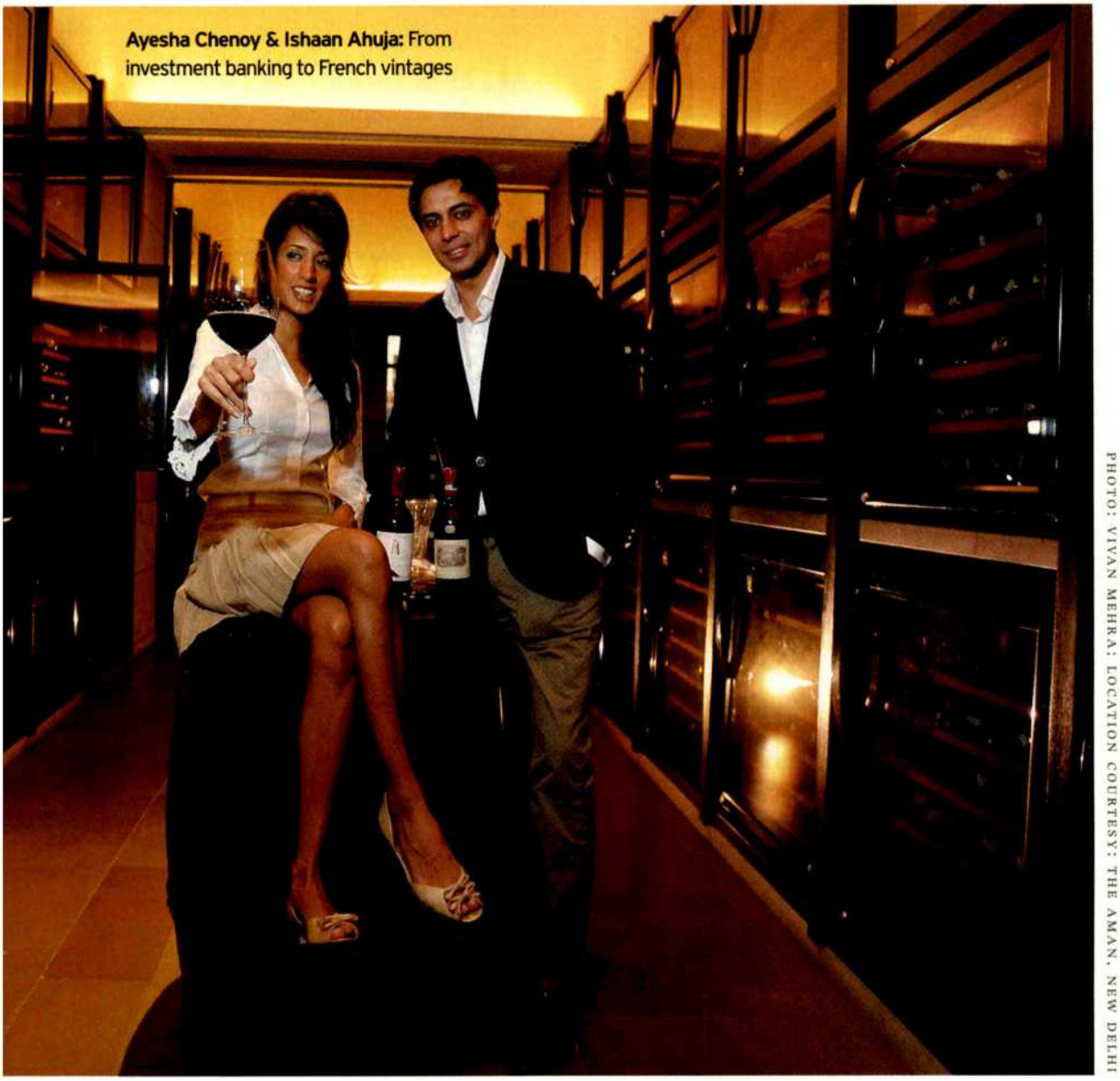
BY ANUMEHA CHATURVEDI



As investment bankers in Morgan Stanley and Credit Suisse in London's Canary Wharf, Ishaan Ahuja and Ayesha Chenoy often ran into British and French colleagues who traded in fine wines. Ten years in London and frequent travelling and socialising led to an interest in vintages — wines made of grapes harvested in a single year — both in terms of taste and in their value as an investible asset. The two bankers met in 2008 and decided to take this interest further. In 2009, they quit their jobs and moved back to India. After a year of research that included data analysis, wine studies and examinations, and frequent visits to vineyards in Bordeaux in France, the duo launched Drayton Capital, India's first wine advisory and investment firm in August this year. "We know non-resident Indians who have invested more than a million pounds in wine," says Chenoy. "Wealth creation has led to an increase in the number of high net worth individuals and wine consumption in India. We felt the time was right," she adds.

Their sentiments are echoed by the London-based The Antique Wine Company, which also came calling on Indian shores in July this year. "We had been a getting a lot of queries from Indian buyers, especially after the release of the 2009 vintage, considered the best of the lot," says Sonal Holland, Country Representative at Antique Wine. The company trades in exceptionally rare vintages and also offers investment advisory services. "With India set to become the fifth largest economy in the

KULDEEP



Ayesha Chenoy & Ishaan Ahuja: From investment banking to French vintages

PHOTO: VIVAN MEHRA; LOCATION COURTESY: THE AMAN, NEW DELHI

world by 2020, consumption of fine wines is bound to increase, and so will their presence in investment portfolios," adds Holland, who by way of example points to a first-time client who has invested as much as Rs 55 lakh in top vintages.

Ravi Venkatachalam, whose company, Times of Lord, retails and distributes Swiss watch brands Breitling and Ulysse Nardin in India, is another first-time investor. Venkatachalam has always liked Italian and French red wines, but started investing in them only recently. He has a Château Margaux and Italian fine wine Frescobaldi in his portfolio. "Investing in fine wines is a good way to diversify your portfolio," says Venkatachalam, who also invests in equities, property and vintage cars. Concurs Tony Singh, who runs a designer studio and a wellness spa chain called Salus in Mumbai: "I had invested in art and started investing in wines this year to widen my portfolio. I have invested in Châteaux Lafite and Haut-Brion."

Ahuja and Chenoy attribute this increasing investor interest to the strong performance of fine wines in the face of the recession. "Fine wines have never lost money in any three-year rolling period. Between January 2004 and 2009, which includes the subprime crisis, an investment in the top 100 fine wines yielded an average return of 16.1 per cent per annum. A similar investment in the BSE 100 returned 10.2 per cent, and in the NASDAQ, a sorry

-6.5 per cent," says Ahuja.

Even auction houses are taking note of the rising interest in India. "There has been an increase in the numbers of queries coming from Indian buyers on our online bidding platform," points out James Reed, Wine Director at Sotheby's London. Reed attributes the increasing interest to extensive media coverage and spiralling fine wine prices. He adds: "The Chinese market has grown exponentially and we see an increase in India, too." Research firm Datamonitor pegs the size of the Indian wine market at Rs 1,650 crore and expects it to nearly double to Rs 2,800 crore by 2013. There is no substantiated data that quantifies the increase in Indian investments, but Vikram Sethi, owner of Shervick Services, estimates it to be about 25 per cent per annum. His company imports and distributes wines from Italy, Spain and France. Sethi is also an avid investor.

So what is it about wine that attracts the same kinfolk who are used to getting their returns from comparatively bland assets like stocks, bonds equities and gold? The answer could well lie in the supply chain mechanism, which is critical to investments in fine wines. Like all other asset classes, a wine, too, must appreciate in value to be considered worthy of investments; most investment grade wines are red wines that come from Bordeaux. "Ninety per cent of fine wines come from Bordeaux, but the demand is global," says Ahuja. The best Bordeaux wines are referred to as the first growths, which are the blue-chip stocks of the wine world. These wines come from the top châteaux in Bordeaux that boast optimum topography, climate and superior wine-making skills. Since the produce varies every year, thanks to changing climate and temperatures, no vintage can ever be replicated. Certain vintages turn out to be more superior in quality and are, thus, more sought after than others, leading to an increase in demand that far outstrips supply.

A Latour cellar: The château is one of the first growths and has given exceptional returns to investors

About 80 per cent of the wine market gets traded on the Liv-ex Fine Wine Exchange and investors use the Parker's Rating System — a scale of 100 devised by American journalist Robert Parker for buying and selling wine; a score of 95 is considered investment worthy. But knowing the names of the wines and their scores is not enough. Both Holland and Ahuja lay emphasis on provenance. "The wines should be fully insured at full replacement value and all the documents and records should be in place," says Holland. That is where entities like The Antique Wine Company, which provides buying, selling and storage services and also boasts an inventory of fine wines, come into the picture. As does Drayton Capital, which does not buy inventory, but is an advisory firm that assists in the investment process from start to finish. "Bordeaux has over 500 châteaux and we look at the top 30. Through tie-ups with châteaux, négociants (wholesalers), auction houses, and wine cellars in London, Hong Kong and Bordeaux, we aim to provide the best possible wine at the best possible price to our clients," says Ahuja. As wine investment companies, both firms take care of all the paperwork and documentation that entails a wine purchase or sale.

So, which are the hot picks this year as far as investments go? Holland recommends the 2009 vintage and thinks it will provide healthy returns to investors, as it is young and has not matured. Ahuja and Chenoy differ. "2009 is an exceptional vintage, but we would not recommend it to new investors as we feel it is overpriced and is still in the barrel (En Primeur)." The duo consider 2000 and 2005 to be fit for investments. "These are equally good vintages that are being consumed daily and, in some cases, are also cheaper than 2009," says Chenoy.

What do their own portfolios look like? While Holland has invested in the first five growths of the 2009 vintage, Ahuja's portfolio includes Lafite Rothschild 2003. "We purchased Lafite 2003 at the end of 2006 for £3,600 a case. It is now trading at £11,000 a case, and we are in the process of selling it soon," says Ahuja.

Investors in India, however, have their own share of deadlocks. High import duties, unfavourable weather conditions, and lack of storage facilities prevent some passionate investors from getting their stock to India. "I would like to bring some of my stock here, but I am not able to due to Indian weather conditions," laments Venkatachalam. Of course, there are investors who buy solely for returns and keep their stocks in overseas cellars for years. But for the bulk of investors it is as much about the taste of these full-bodied red wines as it is about exceptional returns. And every time they open a top vintage, there is one less for the world to enjoy, propelling prices further. ◆

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at the **21st Annual General Meeting**

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The year 2009-10 was tough, marked by economic turbulence in Middle-East and Europe. From the recent crisis it is evident that even the developed economies can come under sovereign risk. Taking cue from the European crisis, the Indian government took timely measures, sending out confidence-building signals to the global investor community. Investors' confidence propels growth which will lead to uptrend in industrial activity, exports and service sector activities. To facilitate this growth, sufficient, reliable & quality power at optimum cost is a necessity, which can be realised through appropriate investment in the power sector.

I am happy to tell you, that even in a difficult period, your company continued on its path of growth and its progress was even better than earlier years. I can assure you of a similar growth story in the coming years as well.

Your Company has planned an investment of about ₹ 55,000 Crore during XI Plan to cater to the evacuation requirement of central sector projects and other projects including Ultra Mega Power Projects (UMPPs). In terms of resource mobilisation, your Company is placed in a comfortable position, as it enjoys an excellent credit rating with financial institutions at national and international level. Loan requirement shall be met through borrowings from multilateral funding agencies, such as The World Bank and Asian Development Bank / supplier's credit and balance from domestic sources on yearly basis as per requirement. Presently, about 80% of fund requirement has already been tied-up or identified and balance shall be mobilized as per requirement.

To meet the equity requirement of the planned investment, your Company is going to come up with a follow-on public offer (FPO), constituting 20% of its existing paid-up capital. The issue will comprise 10% equity dilution by the government and 10% fresh equity by the Company.

We believe that human resource is the most vital asset of the organization and our sterling performance year after year has been possible because of the investment made in building capabilities

Even in a turbulent period, your Company fared very well and concluded the year with a net profit of ₹ 2041 Crore, a year-on-year growth of 20.7%. Your Company also made an investment of ₹ **10,617 Crore**, an increase of about **30%** year-on-year.

As an initiative to increase grid reliability, your Company is in the process of setting-up a **National Transmission Management Centre** which will remotely operate and control most of the sub stations. This will also improve productivity leading to optimum utilisation of resources and reduced maintenance expenditure. As another initiative, **Aerial patrolling** of transmission lines, using helicopters, is also being explored. The year saw the company soar to new heights operationally as we achieved a transmission system availability of **99.77%**, highest so far in the history of the Company. As a result of initiatives, such as use of polymer insulators and their cleaning through helicopters, I am proud to inform you, that there was no major grid disturbance in any part of the country during the year and regional grids were operated smoothly.

We believe that human resource is the most vital asset of the organization and our sterling performance year after year has been possible because of the investment made in building capabilities. This year around 6600 employees have undergone classroom, in-house and external training programs. Your Company has also taken up training of employees of State Electricity Boards and other power utilities within the country and overseas. In order to cope up with the increased workload and challenges, your Company recruited about 1200 professionals, including campus recruitments from IIMs, IITs and NITs etc., in a time when others were downsizing. Your Company appreciates the importance of providing adequate incentives to its workforce and has been the front runner to implement the revised pay scales and perks, which are best among the PSUs.

Your Company was awarded certificates of appreciation by Hon'ble Minister of Energy and Water, Afghanistan in recognition of the contribution made by your Company by constructing the Pul-e-Khumri to Kabul transmission system, despite the difficulties and challenges involved in project implementation. It is a great achievement which showcases our project implementation capability on the international front.

For the year 2009-10, the Company has posted **"Excellent"** rating under the **MoU with Ministry of Power**. Also, for FY 2008-09 the Company has achieved a perfect MoU Score of **"1.00"** based on its sterling performance and poised to get the **'MoU Excellence Award'**. POWERGRID also **featured in the list of top 250 global energy companies compiled by Platts,** a leading provider of energy and commodities information and was also named in the **20 fastest-growing Asian companies**. Taking the baton further, your Company has also been included in the **Forbes Global** 2000 list. Your Company has been conferred with three Gold Shields and one Silver Shield in the National Awards for Meritorious Performance in Power Sector for the year 2008-09 for project completion and Transmission System Availability. Your Company has also been conferred with **"Certificate of Merit Award"** for its contribution towards Human Resource Development (HRD) by **International Federation of Training and Development Organization Limited, Geneva, Switzerland** and has also received **"INFOCOM CMAI National Telecom Award 2009"** for **"Utilities Providing Best Telecom Infrastructure"**.

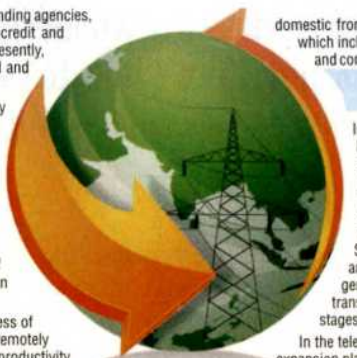
POWERGRID featured in the list of top 250 global energy companies and 20 fastest-growing Asian companies

As a responsible Corporate Citizen, your Company has evolved a CSR Policy that promotes Community Development around its offices and sub-stations with focus area on Education, Health-care & Infrastructure Development and support Ecology & Environment Conservation and Disaster Relief in the country. The CSR initiatives are aimed to improve quality of life of the local people and bringing the marginalised people in the mainstream of development. From this year, the budget towards CSR has been increased from 0.75% to 1.00% of the Company's net profit after tax of the preceding financial year.

The industrialization and rapid growth of economies is a major concern for the environment and it is imperative for corporations and individuals to move towards sustainable development. Your Company endeavours to achieve sustainable development and maximise the triple bottom line made up of "social, economic and environmental" goals. To emphasize the seriousness of the Company on the issue, this year we have come up with detailed **Sustainability Reporting**. Through this initiative, the Company aims to objectively and transparently report the actual value of, and costs of depreciation to, natural resources and social capital.

In our efforts towards sustainable development, your Company is constantly working on optimisation of Right of Way (RoW) requirement and forest involvement. We have taken various measures like best possible route alignment, moving towards higher voltage level transmission systems with higher power carrying capacity, etc. In fact, the share of 765 kV transmission lines is increasing in our transmission system. Also, implementation of ±800kV HVDC Bi-pole line from Biswanath Charialli in North-Eastern Region to Agra in Northern Region has already commenced and we are working on 1200 kV HVAC transmission system. These Ultra High Voltage lines will have 3 to 6 times higher power transmission capacity per meter of Right of Way, as compared to existing 400 kV double circuit lines. We are developing multi-circuit, tall, compact and pole type towers which help in reducing the RoW requirement. Route surveys are being conducted using remote sensing, aerial survey, GPS based survey techniques etc. which not only save time but also help in optimising route alignment & tower spotting. Advance actions are also being taken to ensure timely forest clearances.

Backed by the strong in-house expertise in all areas of its operation, your Company is executing various consultancy assignments at the national and international level. On the domestic front, we expanded our portfolio and got 47 orders during FY 2009-10 which included 24 repeat orders from our clients, showing the satisfaction level and confidence of our esteemed customers in us.



Even in a turbulent period, your Company saw a year-on-year growth of 20.7% in net profit and 30% in investment

In the international arena, we have expanded business to South Asia, Middle East and African region and are currently providing consultancy services in United Arab Emirates (UAE), Nigeria, Bangladesh and Afghanistan. Your Company has collaborated with internationally reputed organizations to make further in-roads in international markets. Efforts are also being made to provide interconnection with neighbouring countries to facilitate energy exchange amongst the SAARC nations. Transmission links with Bhutan and Nepal already exist and they are being further strengthened matching with addition in generation capacity. Your company is in the process of setting up transmission links with Bangladesh and those with Sri Lanka are under final stages of planning.

In the telecom business, your Company is doing very well and has made major expansion plans which include further diversification into Data Centres, Tower Infra business and value added services such as MPLS-VPN, NLD Switched Voice, etc.. With the focus now shifting from urban to rural connectivity, POWERGRID's role in telecom becomes even more significant as it has presence in rural and remote areas of the country by way of its Power Transmission network. The vast network is proposed to be leveraged extensively to provide telecom services in such areas by **co-locating Telecom Antennas on Power Towers**, resulting in appreciable stream of revenue. The GoI has launched an ambitious **National Knowledge Network (NKN) project**, which envisages a gigantic three-layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity at an estimated project cost of about ₹ **6,000 Crore**. POWERGRID is a **consortium member** for implementing this project of national importance.

Follow-on Public offer (FPO), constituting 20% of existing paid-up capital

To cater to the increasing demand for power in the country, a number of generation projects are being set up by Independent Power Producers (IPPs), and their number is poised to rise rapidly in the coming years. To facilitate evacuation of this power, your Company has adopted the integrated planning of transmission system, keeping overall economy and feasibility in mind. To start with, nine High Capacity Power Transmission Corridors (HCPTC) have been evolved in consultation with CEA, IPPs, beneficiaries and CERC.

Your Company takes pride in the excellent development and operation of transmission network in the country implemented by it. It lives upto the expectations as a *'Navratna Company'* and at the same time seeks to set new standards in corporate citizenship. It is this sense of pride in our work and commitment towards the people of this great country that drives us to outperform ourselves even in the face of adversity. At this point I would like to acknowledge the dedication of our employees who have contributed with all their might over the years and salute them on another year of achievements.

I take this opportunity to convey my sincere gratitude to the Government agencies, particularly the Ministry of Power, the Ministry of Finance, the Department of Public Enterprises, Planning Commission, Ministry of Environment & Forests, Ministry of External Affairs, Central Electricity Authority, Central Electricity Regulatory Commission, Statutory Auditors, Comptroller and Auditor General of India (C&AG) and Employee Unions for their confidence and support to the company. I would like to thank our Directors especially our Independent Directors for their valuable inputs and commendable support.

I would also like to express my gratitude to the State Power Utilities, domestic and international Financial Institutions and all our esteemed shareholders for their confidence in the Board of Directors and the Management of the Company and support provided at all times. Their active interest has been a source of constant inspiration for us.

Thank you, Ladies and Gentlemen.

Place: New Delhi
Date: September 24, 2010

(S.K. Chaturvedi)
Chairman & Managing Director

(This does not purport to be a record of the proceedings of the Annual General Meeting)

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Corporate Office : 'SAUDAMINI', Plot No. 2, Sector-29, Gurgaon - 122 001(Haryana) (INDIA)
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Are You a High Potential?

Leaders at your company are constantly wondering that about you, whether they own up to it or not. Here's how to get them to answer yes.

BY DOUGLAS A. READY, JAY A. CONGER, and LINDA A. HILL

Some employees are more talented than others. That's a fact of organisational life that few executives and HR managers would dispute. The more debatable point is how to treat the people who appear to have the highest potential. Opponents of special treatment argue that all employees are talented in some way and, therefore, all should receive equal opportunities for growth. Devoting a disproportionate amount of energy and resources to a select few, their thinking goes, might cause you to overlook the potential contributions of the many. But the disagreement does not stop there. Some executives say that a company's list of high potentials — and the process for creating it — should be a closely guarded secret. After all, why dampen motivation among the roughly 95 per cent of employees who are not on the list?

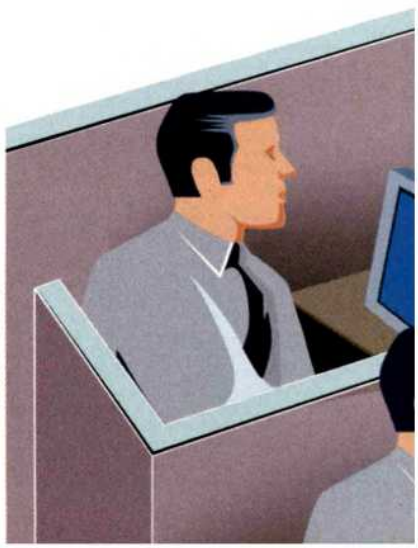
For the past 15 to 20 years, we have been studying programmes for high-potential leaders. Most recently we surveyed 45 companies worldwide about how they identify and develop these people. We then interviewed HR executives at a dozen of those companies to gain insights about the experiences they provide for high potentials and about the criteria for getting and staying on the list. Then, guided by input from HR leaders, we met with and interviewed managers they had designated as rising stars.

Our research makes clear that high-potential talent lists exist, whether or not companies acknowledge them and whether the process for developing them is formal or informal. Of the companies we studied, 98 per cent reported that they purposefully identify high potentials. Especially when resources are constrained, companies do place disproportionate attention on developing the people they think will lead their organisations into the future.

So you might be asking yourself, "How do I get — and stay — on my company's high-potential list?" This article can help you begin to answer that question. Think of it as a letter to the millions of smart, competent, hardworking, trustworthy employees who are progressing through their careers with some degree of satisfaction but are still wondering how to get where they really want to go. We will look at the specific qualities of managers whose firms identified them as having made the grade.

The Anatomy of a High Potential

Let us begin with our definition of a high-potential employee. Your company may have a different definition or might not even officially distinguish high potentials from other



ANAND SINHA

employees. However, our research has shown that companies tend to think of the top 3 per cent to 5 per cent of their talent in these terms:

"High potentials consistently and significantly outperform their peer groups in a variety of settings and circumstances. While achieving these superior levels of performance, they exhibit behaviours that reflect their companies' culture and values in an exemplary manner. Moreover, they show a strong capacity to grow and succeed throughout their careers within an organisation — more quickly and effectively than their peer groups do."

That is the basic anatomy of a high potential. Gaining membership in this elite group starts with three essential elements.

Deliver strong results — credibly. Making your numbers is important, but it is not enough. You will never get on a high-potential list if you do not perform with distinction or if your results come at the expense of someone else. Competence is the baseline quality for high performance. But you also need to prove your credibility. That means building trust and confidence among your colleagues and, thereby, influencing a wide array of stakeholders.

Look at Jackie Goodwin, a bank executive cited by her HR department as a high potential. Jackie started out in the insurance division but wanted to switch to banking, which she perceived as a career path with more room for growth. Her general management skills were highly regarded, and she had a proven track record in financial services within insurance. The banking side's desire for new blood and a lack of succession planning in the region positioned her well as an outsider. Indeed, her record was as strong — if not stronger — than that of the insiders.

When Jackie was offered a stretch assignment in the banking division — a promotion to vice president and regional operating officer in Germany, the bank's second-largest European operation — she accepted it, even though the odds were against her. Nobody there had heard of her, and she knew little about banking. What was more, she had been forced on the regional president, who wanted someone with experience. Her biggest challenge was to gain credibility. The German staff was accustomed to running its own show, so Jackie figured she would fail if she

could not get the team on her side.

Jackie resolved to make helping her new colleagues a priority. In her first three weeks, she met with dozens of managers and openly acknowledged that she faced a steep learning curve. She also focused on achieving small wins on issues that had long been thorns in their sides. For example, she went out of her way to streamline the process for opening new accounts. As for her skeptical boss, she aimed to take as much off his plate as possible. She would ask: "What time-consuming tasks would you like to see addressed within 90 days?" Then she would get right to work. For instance, he disliked confrontation, so Jackie tackled issues with potential for conflict, such as redesigning planning processes and resolving decision rights. She gained a reputation as a problem solver, and her influence grew steadily. Today, Jackie is the head of all commercial lending for the bank and is still considered a rising star.

Master new types of expertise. Early in your career, getting noticed is all about mastering the technical expertise that the job requires. As you progress, you need to broaden that expertise. You start by managing an employee or a small group, and then move on to larger teams and positions (for instance, at corporate headquarters) that require you to exercise influence despite having limited formal authority. For example, in senior roles technical excellence might fade in value relative to strategic-thinking and motivational skills. At a certain point, you will face the challenge of letting go as much as the challenge of adding on. Do not aspire, for example, to be the best engineer and the best design team leader at the same time.

For some, such lessons are learned the hard way. One exceptionally talented software engineer, whom we will call Luke, had won many accolades during a relatively short career. Confident in his potential, Luke's managers put him in charge of a team that was creating a product extension expected to attract a whole new category of users. Luke was well liked and happily took on the challenge, but he failed to recognise that technical skill alone would not suffice. After several missed deadlines, company executives created a face-saving, senior-level "expert" post for him. Meanwhile, they put another technically skilled employee, who also had project-management expertise, in charge. Luke, no longer a high potential, went on to have a fairly distinguished career as a technical expert, but not in an enterprise leadership role.

Recognise that behaviour counts. Although your performance gets you noticed and promoted early in your career, your behaviour is what keeps you on the radar as a high potential. Outstanding skills never really diminish in importance, but they become a given as you are expected to excel in roles with broader reach. Prospective candidates for that coveted high-potential label must demonstrate a behavioural shift from "fit and affiliation" to "role model and teacher."

The rise of general manager Phil Nolan to the executive ranks of his company, a market leader in laundry products, was due in large part to his role-model qualities. Phil was placed in charge of the firm's troubled core product, a liquid detergent whose sales were in a multiyear downward slide. Two high-visibility marketing managers had each been given a chance to reinvigorate product sales. Both had tried price-reduction tactics, to no avail. Then it was Phil's turn. But, with a background in product development rather than marketing, he was the dark horse candidate.

Fortunately, corporate executives saw more in Phil, who had engineered a turnaround at a troubled product-development group by fostering cooperative relationships and teamwork. Highly trustworthy, he could engage people in very candid conversations about business challenges. As a result, he was able to get to the core of a problem quickly and find viable solutions. Phil not only was superb at motivating people, but also had a keen eye for patterns and an impressive strategic vision. He applied all those skills to the new assignment.

Within the first year in his new role, Phil led his team to grow product sales by 30 per cent. In our interview with the company's HR executive, she emphasised Phil's ability to win people over: "There is humility to him despite the fact that he is now the public face of the brand. Phil helps his peers succeed rather than threatening them. He is a role model for the organisation."

How High Potentials Are Hardwired

You are doing everything right. You are delivering value and early results.

Anatomy of a High Potential

High potentials always deliver strong results, master new types of expertise, and recognise that behaviour counts. But it's their intangible X factors that truly distinguish them from the pack

THE FOUR X FACTORS OF HIGH POTENTIALS

1. Drive to excel
2. Catalytic learning capability
3. Enterprising spirit
4. Dynamic sensors

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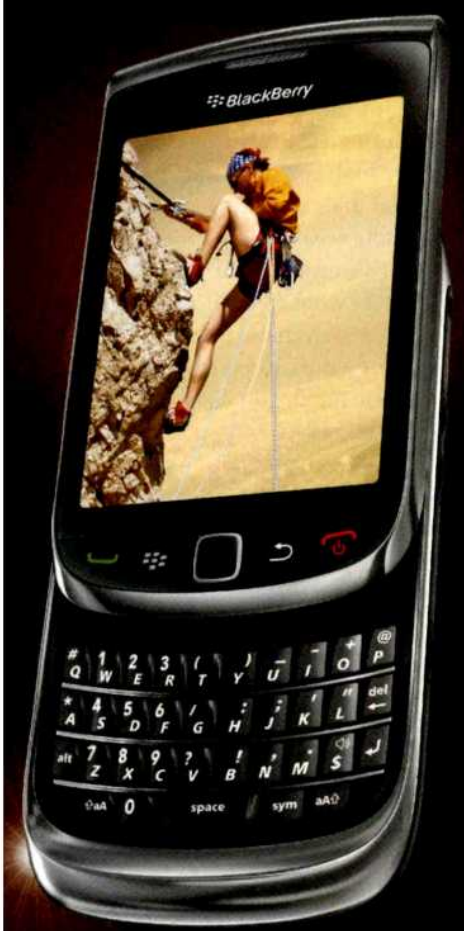

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Should You Tell Her She Is a High Potential?

Whether or not a company should make its list of high potentials transparent is an evergreen question. In our surveys of 45 company policies and in our work with firms during the past 15 to 20 years, we have found a growing trend towards transparency. The percentage of companies that inform high potentials of their status has risen from 70 per cent about a decade ago to 85 per cent today. Employers, we believe, are coming to see talent as a strategic resource that, like other types of capital, can move around. Executives are tired of exit interviews in which promising employees say, "If I had known you had plans for me and were serious about following through, I would have stayed."

Nevertheless, making your list of high potentials transparent increases the pressure to do something with the people who are on it. If you tell someone you view her as a future leader, you need to back that up with tangible progress in her professional development. Otherwise, she may feel manipulated and even lose motivation. In one case, we witnessed a near riot at a company offsite, where a group of high potentials said they felt "played"–that their status was just a retention tactic, with no real plans to promote them. Either approach has risks: If you don't make the list public, you might lose your best performers; if you opt for transparency, you will heighten the expectation of action.

You are mastering new areas of expertise as you face increasingly complex challenges. You embrace your organisation's culture and values. You exude confidence and have earned the respect of others. Maybe you are regularly putting in a 50-hour week and getting excellent reviews. Nevertheless, high-potential status remains elusive.

This can be infuriating because the real differentiators — what we call the "X factors" — are somewhat intangible and usually do not show up on lists of leadership competencies or on performance review forms. Here are those factors, which can tip the scales and help you achieve and maintain that coveted high-potential rating.

X FACTOR #1 A drive to excel. High potentials are not just high achievers. They are driven to succeed. Good, even very good, is not good enough. Not by any stretch. They are more than willing to go that extra mile and realise they may have to make sacrifices in their personal lives in order to advance. That does not mean they are not true to their values, but sheer ambition may lead them to make some pretty hard choices.

X FACTOR #2 A catalytic learning capability. We often think of high potentials as relentless learners, but a lot of people out there learn continually yet lack an action or results orientation. The high potentials we have come across possess what we call a "catalytic learning capability." They have the capacity to scan for new ideas, the cognitive capability to absorb them, and the common sense to translate that new learning into productive action for their customers and their organisations.

X FACTOR #3 An enterprising spirit. High potentials are always searching for productive ways to blaze new paths. They are explorers and, as such, take on the challenges of leaving their career comfort zones periodically in order to advance. It might mean a risky move — a tricky international assignment, for instance, or a cross-unit shift that demands an entirely new set of skills. Given high potentials' drive to succeed, you might think they would be reluctant to take such a chance. But most seem to find that the advantages — the excitement and opportunity — outweigh the risks.

X FACTOR #4 Dynamic sensors. Being driven to excel and having an enterprising spirit, combined with the urge to find new approaches, could actually become a recipe for career disaster. High potentials can get derailed for a number of reasons. They may, for instance, be tempted to impulsively accept what seems like a hot opportunity, only to find that it is a break (not a stretch) assignment or that there is no long-term career payoff. Another possibility of derailment comes from a desire to please. High potentials may avoid open disagreement with the boss or resist giving honest, potentially disappointing feedback to a peer. Successful high potentials have well-tuned radar that puts a higher premium on quality results.

Beyond judgment, high potentials possess what we call "dynamic sensors," which enable them to skirt these risks, even if just barely. They have a feel for timing, an ability to quickly read situations, and a nose for opportunity. Their enterprising spirit might otherwise lead them to make foolish decisions, but these sensors help them decide, for example, when to pursue something and when to pull back. High potentials have a knack for being in the right place at the right time.

Anatomy of an X Factor Exemplar

One of the many high potentials we met was Vineet Kapoor, described as a rising star by his bosses at Swiss medical device company Synthes. This more than $3 billion business manufactures and markets implants and biomaterials used in surgery and regeneration of the skeleton and soft tissues.

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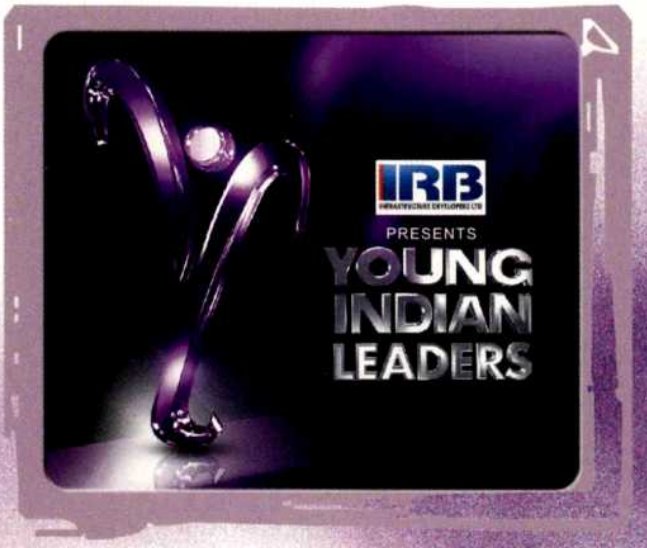

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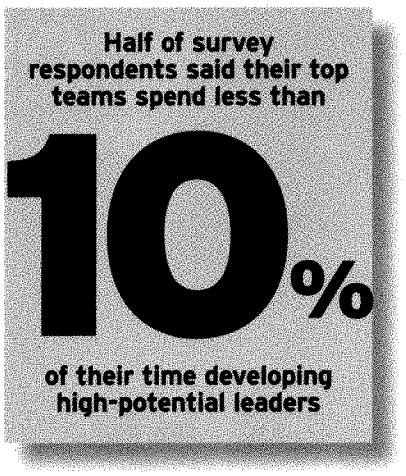
In school, long before ending up at Synthes, Vineet intended to pursue science and had a passion for improving the lives of people in emerging economies such as India. That basic vision remained with him, but his career took an unexpected path. After college, to the surprise of his peers, he chose accounting in order to gain financial expertise that would serve him well in any business career. He accepted a position with Indian professional services firm A.F. Ferguson, which had a leading portfolio of audit clients (it was eventually acquired by Deloitte in 2004). He then moved to Arthur Andersen (which merged with Ernst & Young) and eventually to KPMG in Gurgaon, India, where his then-boss was charged with leading the India practice. This move initially meant a pay cut for Vineet, but also another chance to learn about building a business.

Vineet recounted other intriguing opportunities that had opened up during his consulting career, when the Sarbanes-Oxley Act became law in the United States in 2002. Clients were banging down his door. Although compliance work promised handsome compensation, it did not match his priorities of learning and effecting large-scale positive change in emerging economies. So Vineet moved to Synthes, where his X factors were evident in spades.

A drive to excel. A drive to succeed can, well, drive some people to the brink. The key is to channel the instinct. So, for instance, Vineet decided he should always think like people one level above him. That meant asking many questions — sometimes to the consternation of his peers and bosses — but he balanced his incessant questioning with an insatiable desire to deliver. Nobody could doubt his commitment to the work and the company, and Vineet's ambition was not a matter of personal triumph. In fact, as country manager for India he created a 150-page book celebrating the contributions of his colleagues and highlighting their common values. It became something of a textbook for the Indian operation at Synthes, and employees found it illuminating. Indeed, it generated so much buzz that some employees who had left the company actually returned because the organisation had been energised by it.

Vineet was not driven primarily by a wish to get ahead. His original aspiration was what fuelled him. To that end he wrote an 85-page business plan that included a vision for bringing world-class education to all Indian surgeons, including those in remote areas. Synthes's CEO has said that the plan changed how the company looked at India.



A catalytic learning capability. When Vineet travelled to the United States for a Synthes strategy meeting, he stayed on longer to be a "fly on the wall" with the U.S. salespeople. During his stay, Vineet went with them on dozens of sales calls. Having gotten the CEO's attention with his growth strategy, Vineet thought the company would be able to execute it only with the help of more and different employees. He took what he had learned from the U.S. sales staff to create a new salesperson competency profile for India — one that highlighted entrepreneurship, an attribute he thought would be crucial for delivering on the promise of the Indian market.

An enterprising spirit. For Vineet, one of the toughest aspects of career growth was leaving his comfort zone, both professionally and personally. He turned down several opportunities, including one that would have required relocating to the United States. But he eventually took a post as director of strategic initiatives for the Asia Pacific region, a move that forced him to leave India for Singapore. To prepare himself, Vineet agreed to a year of global rotation, spending part of his time in the U.S. corporate office and the rest in the European headquarters in Switzerland. He had to adapt his personal style and develop new strategies. He knew how to lead a team as a country manager, but supporting other country managers in achieving their visions was daunting. Vineet loved running his own business and having P&L responsibility; the new job meant playing a support role and getting things done through influence instead of direct control.

Dynamic sensors. High potentials may be resented and envied as well as admired — all of which can be a source of stress. A true high potential understands this and strives to reduce animosity. Vineet certainly cared about how he was perceived. When he was first offered the country manager lead for India, at age 29, he considered turning it down because he thought others might see him as too young or inexperienced. That awareness of others' perceptions is a defining attribute of a high potential.

Developing Your X Factors

The X factors of high potentials not only do not show up in leadership competency models, but also are difficult to teach and learn, particularly in a classroom setting. Nevertheless, you can boost your odds of developing your X factors.

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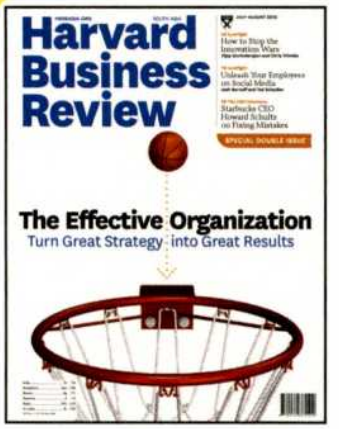

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Becoming aware of where you are falling short is the first step. For instance, if you find yourself repeatedly getting blindsided by events, chances are your dynamic sensors are not very strong. Some people are more attuned to their environment than others, but you can learn to improve your radar by taking simple measures such as listening to others more carefully, observing their reactions to what you say, and refreshing your network of relationships so that it better attunes you to the new businesses and markets your company is pursuing.

Catalytic learning requires an interest in acting, not just learning. Learning without actually changing your behaviour is an opportunity wasted. It may be difficult to develop more drive or an enterprising spirit, but with reflection you can begin to be more proactive or take a few more risks. This all speaks to the importance of investing time and energy in self-reflection. You must also recognise the value of seeking advice from a coach or mentor — and of figuring out where an adviser's help ends and your independence begins.

High-Potential Status Has Its Downsides

It is great to be recognised for what you can do and how you might contribute to your company's future, but high-potential status comes at a price. For starters, there is no tenure. People can — and do — fall off the list, and some remove themselves voluntarily or by default because they do not have the time or the passion for the journey. Virtually all companies we surveyed indicated that remaining a high potential is not guaranteed, and we found that anywhere from 5 per cent to 20 per cent drop off the rolls each year, whether by choice or not.

Among the reasons for losing a spot on the high-potential list are making a poor transition into a new role, diminished performance two years in a row, behaviour that is out of line with the company's culture and values, and a significant visible failure. A dramatic fall from grace that stands out in our research involved an executive, whom we will call Marta, who was in line for the position of chief technology officer at a leading financial services firm.

Marta was an extremely bright high-potential manager with superb technical skills. But she let her smarts get in the way. She did not want to "waste her time" talking with other senior stakeholders whose clients needed new technology applications. She "knew the right answer" regardless of whether it met clients' needs and expectations. Her dynamic sensors and catalytic learning capability were nowhere to be found. She was intelligent but not wise, and every effort at coaching her failed. Marta was too valuable to be fired, but she was removed from the succession track, which in the end cost her a possible multimillion-dollar payout. She directed the project from a technical standpoint, but her career essentially stalled.

Being singled out for extra developmental attention also can entail sacrifices in your personal life. Some people love to change jobs often, but for others that creates an enormous amount of stress, not to mention tough family-related and other choices. People's expectations of you are high, and colleagues who are not on the list may secretly, perhaps unconsciously, want you to falter, or even resent you enough to hope you fall from grace.

Getting on a high-potential list can be a significant growth opportunity, so it is not our intention to discourage great managers from aiming for it. However, you need to figure out not just how to get on the list, but why you want to in the first place. And that means soul-searching. Are you ready for high-potential status? Is it what you really want? If so, the rewards of obtaining it can be huge; if not, then focus on your passions in other ways. Whatever your answer, do not forget: Performance always counts; your behaviour matters more and more as you grow; and those X factors are your secret weapons. ◆

Three Cs for CEOs and HR Professionals

As you cultivate your pipeline of high potentials, follow these principles:

Be Clear

with your people about the skills and behaviours that your organisation needs for the future – and about why these characteristics will matter.

Be Consistent

in how you develop talent. Avoid adopting a "development for all" mentality when times are good but then making deep cuts when times are tight.

Be Creative

about the next generation. That marketing manager from Shanghai who doesn't quite fit your mold might be just the talent you need to win in the future.

Douglas A. Ready *is a visiting professor at London Business School and the founder and president of ICEDR, a global talent-management Research center in Lexington, Massachusetts.* **Jay A. Conger** *is a visiting professor at London Business School.* **Linda A. Hill** *is the Wallace Brett Donham Professor of Business Administration at Harvard Business School.* *This article was published in* Harvard Business Review, *June 2010.* *Copyright @2010 Harvard Business School Publishing Corporation. All rights reserved.*

Hiring Holds Steady

Retail and FMCG join the hiring rush, as ITES slips, reveals a BT-TeamLease survey.

BY SAUMYA BHATTACHARYA

KAPIL

If business sentiment improves sharply, so will the hiring plans of companies. At least that is what human resource bosses will tell you. However, in the latest BT-TeamLease Employment Outlook Survey for the October-December 2010 quarter, while the business sentiment has increased substantially (by 10 percentage points to 71), hiring intentions have seen a cautious uptick (by four percentage points to 68). In fact, over the last two quarters, the Employment Outlook Index has been trailing the Business Outlook Index for the first time in nine quarters.

This implies that employers are being cautious about hiring while continuing to emphasise productivity and efficiency well after the slowdown. As a result, hiring plans have risen but only slowly and steadily. Says Sangeeta Lala, Vice President of

Sourcing at TeamLease Services: "We have witnessed a shift in the hiring intent. Earlier, both business and hiring sentiment were moving hand in hand. This quarter shows the business sentiment improving, but the hiring intent lagging behind marginally."

This trend reflects the maturity of Indian business. Indian companies are now very conscious of keeping the middle line trim and feasible while eyeing business growth. "After the economic slowdown last year, companies have started putting in place adequate performance measures around expansion and investments made. As a result, we may see some positive impact on profitability of organisations. However, this may not have any influence over the employment market as it did in the past," explains Ranjan Mishra, HR Head at SBI Life Insurance.

Spread across eight cities — Mumbai, Delhi, Bangalore, Kolkata, Chennai, Pune, Hyderabad and Ahmedabad — the survey drew responses from 624 companies (see *Methodology*) across eight sectors — Information Technology (IT), IT-enabled Services (ITES), Financial Services, Retail and FMCG, Infrastructure, Manufacturing and Engineering, Telecom, Health Care and Pharma.

The ebullient yet stable hiring sentiment and therefore deceleration of the Net Employment Outlook Index has clear patterns across sectors as well as cities.

Retail and FMCG is the only sector with a significant improvement in the Net Employment Outlook Index (by eight percentage points) during the October-December 2010 quarter even as there is a significant drop in the index (by six percentage points) for ITES.

Explains Sunil Goel, Director of GlobalHunt, an executive search firm: "The Retail and FMCG segment depends more than 90 per cent on the local market. India is a growing economy and there is huge consumption of FMCG and durable products. An upward hiring sentiment in Retail and FMCG is led by buoyancy in the economy."

The same holds true for the ITES sector, which has an overwhelming dependence on the global market (more than 80 per cent), which has not improved as much as the domestic economy. Also, a drop in hiring in the ITES sector is driven by protectionist measures in the West.

Financial services, too, is gaining strength with an increase of five percentage points to 65 index points. SBI Life Insurance is hiring in volumes. Last quarter, the company opened 118 branches, recruited 830 employees and added over 5,000 insurance advisors. Hiring during the October-December 2010 quarter will be mainly of sales professionals for SBI Life branches opened this financial year. "We plan to add around 600 more people into our sales force during this quarter," says Mishra, who is also looking for domain specialists to occupy middle management slots.

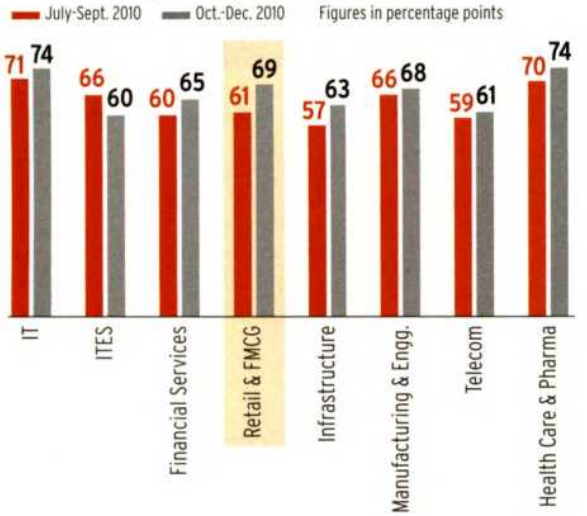
"We have been hiring all through the year"

Sanjay Bali, VP of Corporate HR, Samsung

FMCG company Samsung India is also in the hiring mode. "This year the hiring sentiments were strong and we have been hiring all through the year in sales and manufacturing functions. The sentiment remains healthy," says Sanjay Bali, Vice President of Corporate HR. The company plans to add around 200 software engineers at its research and development centres in Noida and Bangalore. "In the sales and marketing areas, we are adding positions in keeping with our plans for next year," says Bali.

Even though the hiring intent does not vary appreciably across locations or functions, some significant variations have emerged this quarter in terms of hierarchical positions. Entry level hiring is set to be more marked this quarter (with an increase of nine percentage points to 41), while middle level positions are set to take a beating with a drop of five percentage points to 41. Entry level numbers are always high as that is the pool through which most companies build their bench strength whereas middle level hiring is always based on need and is very specific, so the variation in numbers will always be visible, points out Goel. At Samsung, for example, fresh graduates are in demand in R&D and manufacturing areas. "However, in sales and

Retail Upsurge (Jobs across sectors)



KULDEEP

marketing functions, where we need to establish market leadership, we hire middle level managers," says Bali.

Among cities, Mumbai, with an increase of seven percentage points, recorded the most significant improvement in the index value. The sentiment across all the other major cities remains stable at best with incremental increases of not more than five percentage points. While the metros are in a stabilisation mode, Tier-II and Tier-III cities and towns are snapping at their heels with a steady increase in the hiring intent. However, the hiring intent trends are incremental and it could take a while for the lesser privileged parts of India to make a difference.

Talent market watchers say that organisations look for Tier-II towns to host back office operations because of the very low attrition rate, the attractive cost per individual and the fact that they can train resources according to their own need. So going forward, the potential of more Tier-II cities will be used and there will be more investment in these cities. Hiring has increased in Tier-II cities such as Baroda, Surat, Indore, Bhopal, Ranchi, Patna, Mysore, Kochi, Vizag, Chandigarh and Dehradun, according to GlobalHunt's Goel. ◆

METHODOLOGY

The BT-TeamLease Employment Outlook Survey, which follows a rigorous, statistically validated process, was conducted among 624 companies. These were selected from the Kompass Directory, which lists 70 per cent of all registered companies in the organised sector, from NASSCOM for information technology, or IT, companies, from companies registered with *www.bpoindia.org* for IT enabled services companies, and the National Stock Exchange (NSE). Care was taken to ensure a good mix of large, medium and small companies as also an equitable representation across industries to remove any bias or variation that might be attributable to a particular industry. The target respondents at these companies were the HR heads or decision makers in the hiring process. Given the concentration of companies in Mumbai, Delhi, Kolkata, Chennai, Bangalore, Pune, Hyderabad and Ahmedabad, the study was restricted only to companies with a presence in these cities. A random sampling was drawn from each city with due weightage to size. Two indices, the Employment Outlook Index and the Business Outlook Index, were computed to elaborate and analyse the trends that emerged from the data.

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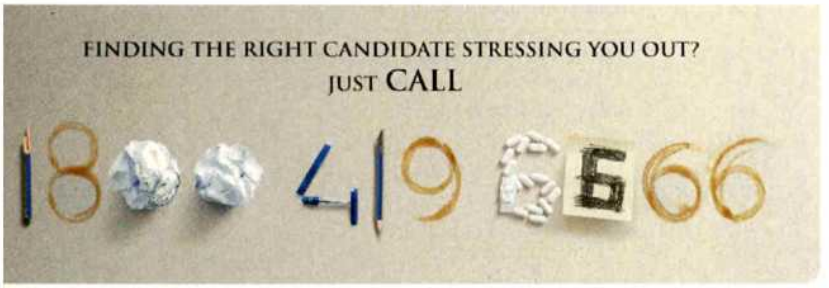

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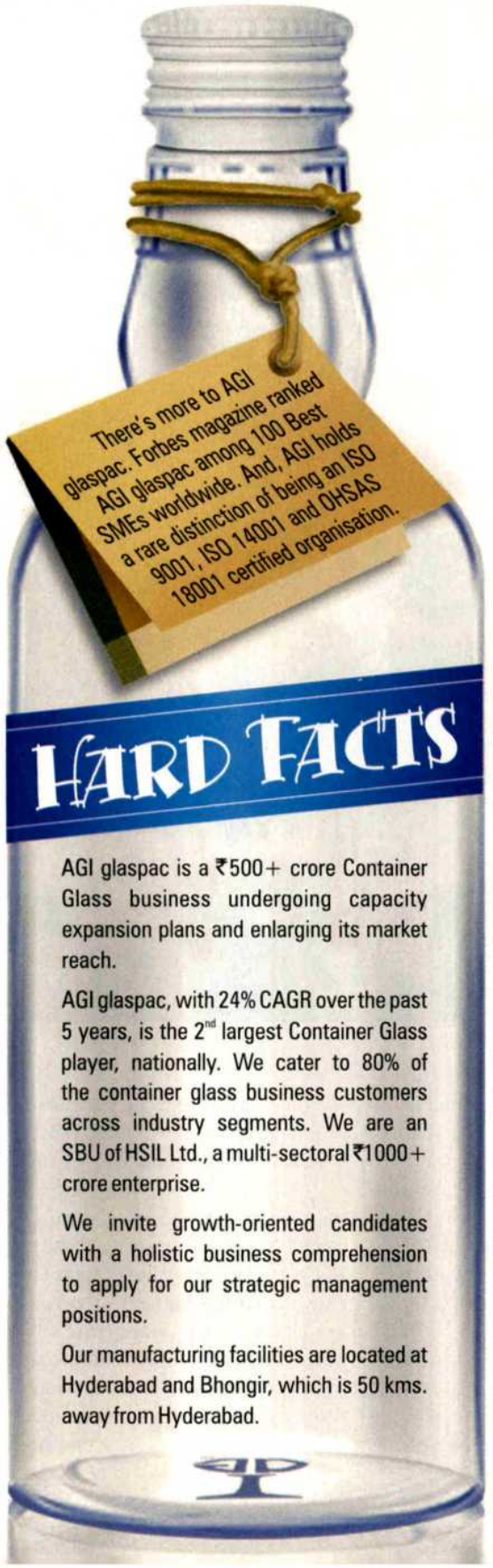

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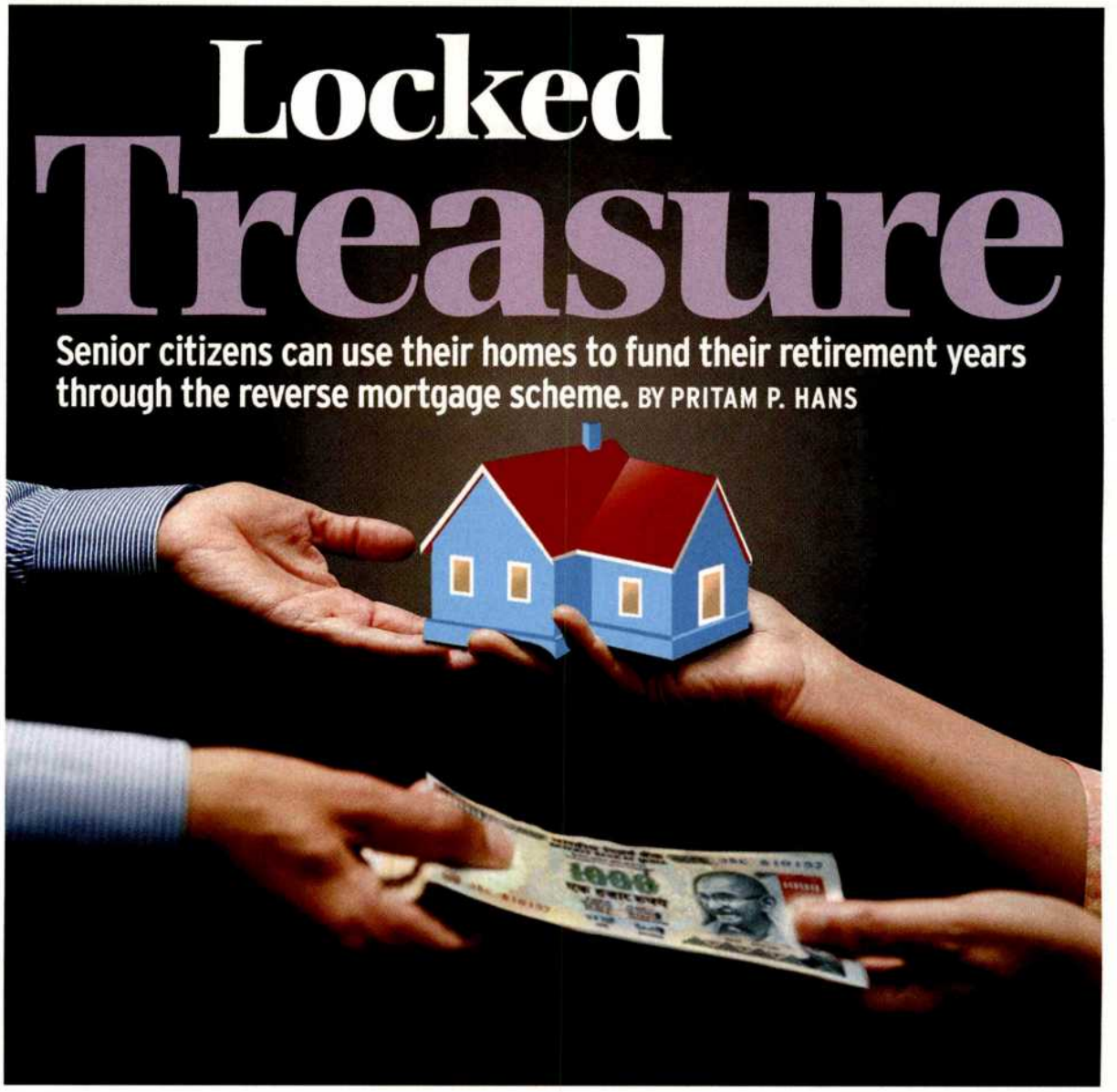

SHEKHAR GHOSH

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Date of Allotment	11th June 2004	

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Date of Allotment	14th June 2007	

^Benchmark for the respective schemes. **Performance figures are Compounded Annualized Returns as on August 31, 2010.** As per the SEBI standards for performance reporting, 'since inception' returns are calculated on Rs. 10/- invested at inception, viz. date of allotment. All returns are for Regular Plan - Growth Option. For DSP BlackRock Micro Cap Fund, returns for the last 1 year are higher largely due to market recovery. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

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The loan need not be serviced during the lifetime of the borrowers as long as they continue to live in the house. After their death, the heirs to the property can either redeem the loan and retain the property or allow the bank to sell it and take the money left after repayment of the loan.

An individual borrower, who is 60 years or older, is eligible for a reverse mortgage loan, and in case of a couple, the younger borrower should not be less than 55 years (58 for some banks). The property should have a clear and transferable title indicating the borrower's ownership. The property should also have a residual life of at least 20 years in case of a single borrower and 25 years in case of joint borrowers, where the spouse is less than 60 years old. Banks offer 40-90 per cent of the property value as loan, with an upper limit that includes the interest as well.

For example, a person who owns an apartment with a market value (as assessed by the bank) of Rs 10 lakh, will be eligible for a loan of Rs 9 lakh (90 per cent of the value of the property) under State Bank of India's reverse mortgage plan. At an interest rate of 10.75 per cent, the bank will pay him Rs 2,025 per month for 15 years. The maximum amount given to the borrower will be around Rs 3.65 lakh, the rest being the interest accrued during the tenure.

Reverse mortgage does not keep you away from the benefits of appreciation in the value of your house. The property is revalued regularly (or whenever the bank decides) to reflect the change in its market price. If the value of the property goes up, the bank offers to increase the loan amount. In case of a decline, the bank reduces the loan amount. If the borrower does not agree with the revised terms, further payments are stopped and the interest on the loaned amount keeps accruing.

If you choose to sell or move out of the property, you will have to pay the bank the entire accrued amount. If the proceeds of the sale of the house are less than the accrued principal and interest, the bank suffers the loss.

Reverse mortgage comes with certain caveats. If the borrower does not live in the house for a continuous period of one year, the bank can foreclose the loan. The borrower also needs to pay property taxes, utility bills, maintain and repair the house and keep the home insured.

Though the product was introduced in India in 2006, it is yet to pick up. During the previous two financial years, a total of Rs 1,500 crore was disbursed to nearly 7,500 borrowers. Many private sector banks do not offer reverse mortgage due to the risks involved and taxation issues. "In the United States, reverse mortgage is seen as a social security product. The property price and longevity risks are borne by the government. India is the only country to have a market-oriented reverse mortgage product," says NHB's Jaishankar. In India, cash outflows are for the banks and the inflow is only after the demise of the borrower. The money does not come to the bank but keeps accruing in its account and it has to pay taxes on it. So, there is a gap between outflows and inflows.

There is a lot of scope for innovation in reverse mortgage. Initially, NHB came up with a plain-vanilla product, with limitations on the amount of loan and its tenure. "Now, we have brought in insurers to diversify the risk. Banks take the risk of house price and insurers bear the longevity risk and make annuity payments. Senior citizens can now get bigger quanta of payments for their entire life," says Jaishankar. ◆

Courtesy: *Money Today*

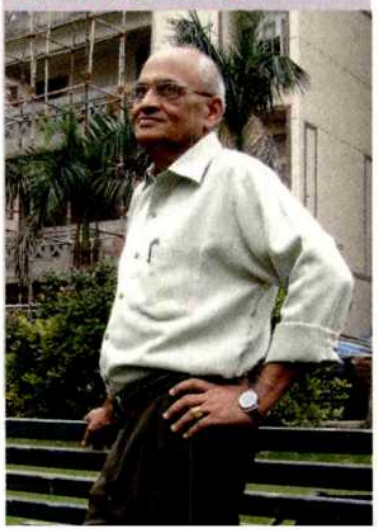
Your House as an ATM

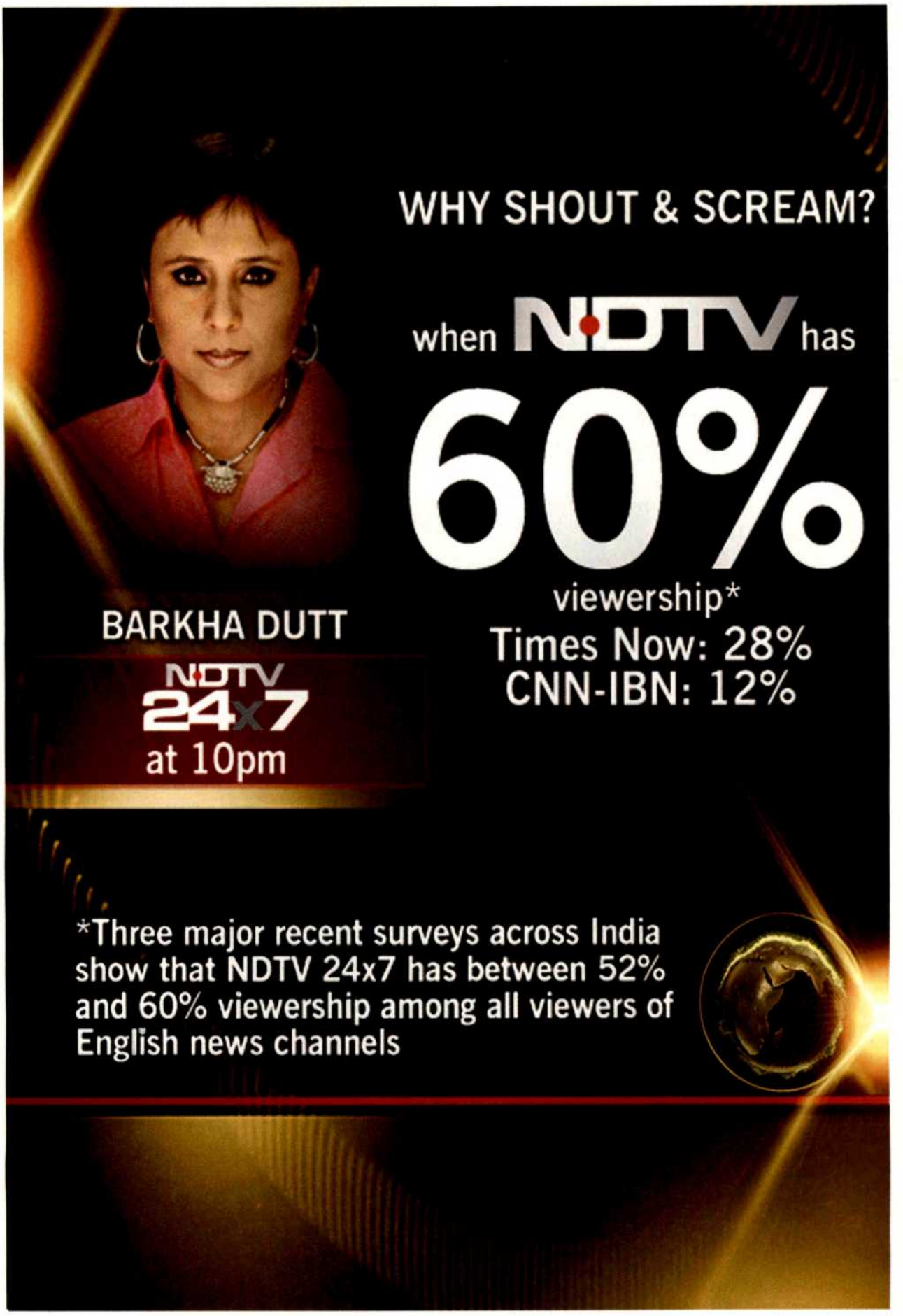
When I took VRS in 2001, my retirement benefits added up to Rs 22 lakh. At that time, it looked like a lot of money, but it is not if you have to repay a Rs 12 lakh loan taken for your children's weddings. After I settled all my loans, I was left with Rs 10 lakh, which was invested in fixed deposits and annuities. But the Rs 9,000 a month I received from these investments was not sufficient to run the household and retain the lifestyle I had got used to as a General Manager in a PSU.

You might have seen the advertisement from an insurance company, which shows a retired person trying to cut down on household expenses. He refuses point blank when his wife suggests that they ask their children for money. However, I had no option but to seek financial assistance from my children who had settled abroad. But they had families to support and other commitments.

The first glimmer of hope came in 2007, when the government announced the reverse mortgage scheme. I applied for the reverse mortgage of my apartment in Delhi in 2008. My 1,000 sq. ft apartment was valued at Rs 60 lakh and the bank agreed to pay me Rs 40 lakh over the next 15 years. The monthly instalment worked out to Rs 9,600, enough for us to live comfortably. The house has become my retirement plan. Now my wife and I do not have any financial worries.

MADAN GOPAL MATHUR, 67

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Not Going Through the Roof

The pick-up in demand for commercial space is good news for the estate market and realty stocks. BY R. SREE RAM

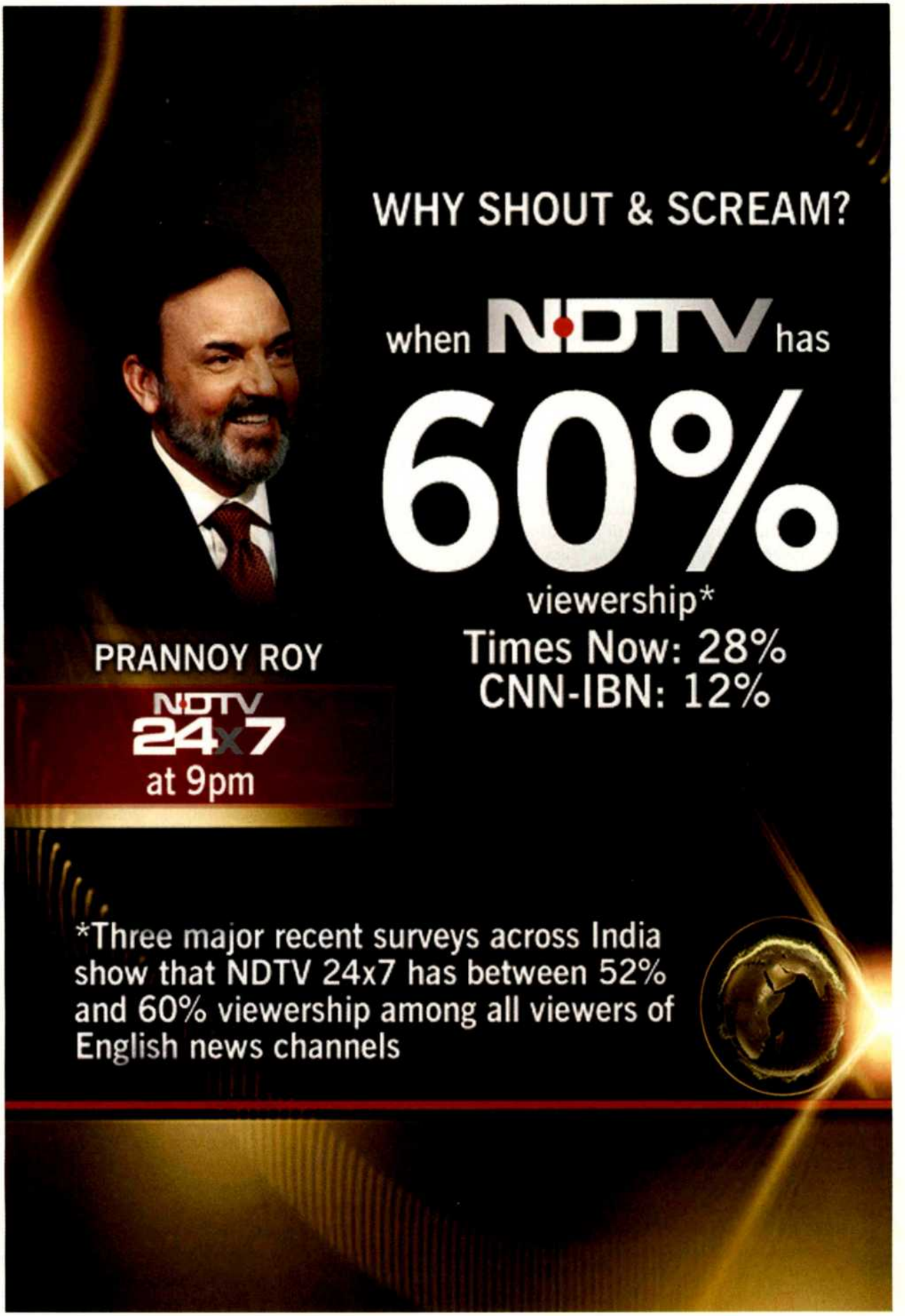
Investors seem to be cheering on the market recovery. They, however, seem less enthusiastic about the fate of the real estate sector and realty stocks continue to languish. So, while the Sensex surges this year, the BSE Realty Index, a basket of 13 real estate companies, has corrected by 12 per cent. In 2009, too, when the markets began to recover, the BSE 500 Index registered a growth of 90 per cent, but the Realty Index gained 69 per cent only.

The reason for the continued realty underperformance is largely attributed to the slow pick-up in office/commercial space and high-end residential properties. The commercial property business is actually facing a glut. According to analysts at Morgan Stanley, about 42 million sq. ft of commercial assets are lying vacant. Over the next one-and-a-half years, another 70-80 million sq. ft is expected to become available in the market.

The demand for commercial property seems to be improving... as firms begin expanding their businesses

The luxury housing segment, which helps real estate companies earn higher margins, has shown an insignificant increase in demand. A recent survey by ICICI Securities points out that 64 per cent of the demand for residential properties is concentrated in the Rs 15-45 lakh segment. Only 10 per cent of the respondents showed interest in buying a property that costs more than Rs 65 lakh.

However, things are expected to change soon with business activity picking up. The demand for commercial and residential property seems to be improving gradually in metro cities. Between April and June 2010, the overall approvals by HDFC, India's largest mortgage lender, had gone up 30 per cent. Gauging the mood of the market,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Volatile Realty Index

KULDEEP

Evaluating Realty Firms

COMPANY	PE '10-11E	PE '11-12E	P/B* '10-11E	P/B* '11-12E	RoE '10-11E	RoE '11-12E
DLF	25.7	19.2	1.9	1.7	8	10
UNITECH	20.8	14.3	1.8	1.6	10	12
IBREL	22.9	11.3	0.7	0.8	3	7
HDIL	11.8	6.4	1.2	1	11	18
PURAVANKARA	15.5	11.7	1.5	1.3	10	12
SOBHA	19.9	12.5	1.7	1.5	9	13
BRIGADE	12.6	9.4	1.3	1.2	11	13

PE: Price to equity; P/B: Price to book value; RoE: Return on Equity (%)

most developers are concentrating on small properties (under Rs 45 lakh).

The extension of cheaper home loan rates by lenders is also helping real estate companies close deals faster. First-year home loan rates have come down to 8-8.75 per cent, compared to 11-13 per cent in 2008. Bangalore-based CoreLogic, an analytics and financial services firm, expects the home loan market in India to grow at 12-15 per cent over the next few years. Even though the Reserve Bank of India is considering steps to absorb excess liquidity from the system, lenders are not expected to raise interest rates substantially due to slow pick-up in credit offtake. An example is the extension of teaser home loan rates by HDFC, which relaunched a loan product that caps interest rate at 9.5 per cent till March 2012.

Also, as companies in other sectors begin expanding their businesses, the demand for commercial properties is expected to steadily improve over the next two years. According to an industry study, realtors in the seven metros leased out 14 million sq. ft in the first half of 2010. The figure is expected to reach 28 million sq. ft by the end of 2010.

The residential property business is also recovering and analysts expect companies with a good mix of commercial and residential to do well over the medium term. Stocks of companies such as Sobha Developers and Puravankara Developers, which have substantial residential property businesses, are up by over 24 per cent each.

Some of the stocks that show promise are Housing Development and Infrastructure Ltd (HDIL) and Indiabulls Real Estate. HDIL has both residential and commercial businesses and reported a jump of 118 per cent in profit for the April-June quarter. According to brokerage house Anand Rathi, it has a land bank of 221 million sq. ft, while brokerage firm Prabhudas Lilladher states that the company is planning to launch 5-6 million sq. ft of projects in 2010-11.

"HDIL's re-entry into the mass residential segment has paid off well, with stock worth Rs 4,000 crore sold in the past five quarters. The company will realise Rs 1,200 crore from existing sales in 2010-11," notes a report by Anand Rathi.

While the Sensex surges this year, the BSE Realty Index, a basket of 13 real estate firms, has corrected by 12%

Indiabulls Real Estate has been weighed down for sometime by the slow deployment of cash and delays in project execution. However, analysts are confident that winning two mill land auctions and an aggressive development of its residential property business will help to bolster revenues. Concerns about over-capitalisation and lack of operational visibility have been addressed through a successful deployment of surplus cash, steady sales, the execution progress across projects and strong recovery in the commercial vertical, according to a research report by Motilal Oswal. "We are revising our recommendation from neutral to buy," says Siddharth Bothra, an analyst with the brokerage.

Though the real estate sector is showing signs of revival, it will take time for the positive momentum to translate into higher stock prices. Realty stocks will enter a bullish phase only when there is a robust pick-up in the commercial or office space business where developers have huge inventories. So, plan for a balanced portfolio. For now, do not go overboard on stocks but do pick up one or two realty stocks to gain from potential upsides. ◆

Courtesy: *Money Today*

Stream it Straight

The disc has become redundant thanks to the Internet. Now you can stream movies directly on TV, says Kushan Mitra

A funny thing happened recently while I was visiting a friend in California. I asked what games he had for his Sony PlayStation 3. None, he said.

"So, why did you buy the thing then," I asked. "It is a cheap Blu-ray Disc player," he replied.

He must have a cupboard full of Blu-ray Disc movies, I thought. But he had only a couple of movies bought off the discount rack at a local store, which made me repeat the first question.

"The Netflix application," pat came his reply. He had just about borrowed a couple of discs from the mail-in DVD rental service Netflix. He was watching most of the movies using the Netflix application on PS3, which allows him to stream movies directly from the Internet on to his TV. In fact, he could do that over his home Wi-Fi network as well, running at a more than respectable 10 megabits per second, to stream movies using the Netflix application on his Apple iPad.

But he was not the only person doing it. Another friend was doing exactly the same thing on his iPhone 4. And the movies being streamed were at full high-definition, at least throughout PS3.

What is amazing is that despite all its advances in the technology sphere, India remains woefully behind on the consumer electronics front, hampered as it is by its obsession with "low-cost" and "good enough". It is not as if the Netflix application was discovered yesterday; it has been around for some time. Some of the latest flat panels from LG, Samsung and Sony actually have the application embedded directly in the TV itself. But these companies, even while promoting 3D in India, are not selling web-enabled TVs.

While it may not be true of all people, one can safely assume that someone who owns a large flat-screen TV in India can afford (or has) a decent broadband connection as well.

But beyond cribbing about such services not being available in India yet or that the proportion of the market that can afford such services being small in absolute numbers, there could be millions of users. If Nokia can launch an "all-you-can-listen" music service, what stops someone from launching an "all-you-can-watch" movie service.

The good thing about such a service is that the movies are never stored on any device and so there is little risk of piracy and illegal distribution. And since there are no discs involved, it keeps the production cost down and is environment friendly too. Even if it is a "pay-per-view" service, which is different from the unable-to-pause service offered by Direct-to-Home service providers, it can be delivered using next-generation LTE or WiMax networks, at least to those without high-definition sets. Since HD transmission requires speeds that only wired Internet can offer, this service can be a winner in India. With movies on the phone, on tablets, on TV-on-demand, the "all-you-can-watch" movie service will be like parking an ice-cream cart outside a school gate after the dismissal bell.

Blockbuster, which was once the largest movie rental service in America, went bankrupt early September. Netflix was smart enough to adapt, and in doing so became cool all over again. There is an opportunity for a Netflix in India. And if your business is in discs, I would not just be worried, but very worried. ◆

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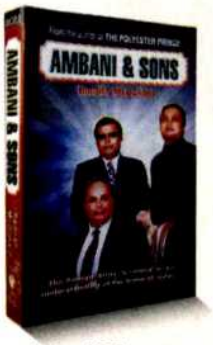
Second Time Lucky

Hamish McDonald's latest book on the Ambanis is engrossing fare but, at the core, it is an updated version of the banned 'The Polyester Prince', says RISHI JOSHI

Reams have been written in the print media on Dhirubhai Ambani's legacy, but Hamish McDonald was the first to write a book on it. In the late 1990s, McDonald stirred much controversy with *The Polyester Prince*, a biography of the founder of the Reliance Industries empire, but the Ambanis stalled publication of the book in India with a litigation scare. The biography had detailed the tycoon's tenacity in overcoming opposition and his deft management of the political environment.

At its core, *Ambani & Sons* seems to reprint large sections of *The Polyester Prince*. The narrative covers the Ambani saga after Dhirubhai, in particular the feud between his sons Mukesh and Anil, but if you have read the first book and tracked newspapers and magazines, you can give this one a miss. For the others, it makes for a compelling read.



Ambani & Sons
By Hamish McDonald
PUBLISHER: Roli Books
PAGES: 396
PRICE: Rs 395

McDonald's painstaking research throws up rare insights into the fabled business acumen of Dhirubhai. For example, in the late 1970s, when brand value and brand equity were relatively unheard of concepts in India, Dhirubhai invested heavily in promoting Vimal, the Reliance textile brand. Says McDonald: "It had an advertising expenditure of Rs 10 million a year, then unprecedented in India and more than four times that of established textile producers like Bombay Dyeing. And it worked. In 1979, Reliance Textile Industries raised its sales to Rs 1.55 billion, making it the largest textile producer in India."

There is also a gripping narrative, replete with anecdotes, on how Dhirubhai coaxed, cajoled and even arm-twisted the media to further his agenda. "Dhirubhai shared a certain contempt for the journalist... but he recognised how powerful the press could be in moulding the thinking of the public and the politicians," writes McDonald.

But the book could court controversy. This time, the anger may come from the political class rather than the Ambanis — particularly from the Congress. The book documents the immense influence Dhirubhai had over politicians, particularly Indira Gandhi. The senior Ambani, says McDonald, enjoyed "unrivalled influence over government policies" after Indira's return to power in 1980. Rajiv Gandhi, during his stint as Prime Minister, regarded Dhirubhai "... as the epitome of everything that had been wrong with the Licence Raj and the Congress". But, according to McDonald, there was a rapprochement between them in 1986.

The book does make for engrossing fare, if only for a better understanding of how the Nehru and Indira brand of socialism made managing the political environment more important than having a good business plan.

INTERVIEW

'He Was a Product of His Times'

HAMISH MCDONALD *comes across as remarkably unassuming, even shy. Edited excerpts from an interview with* **BT:**

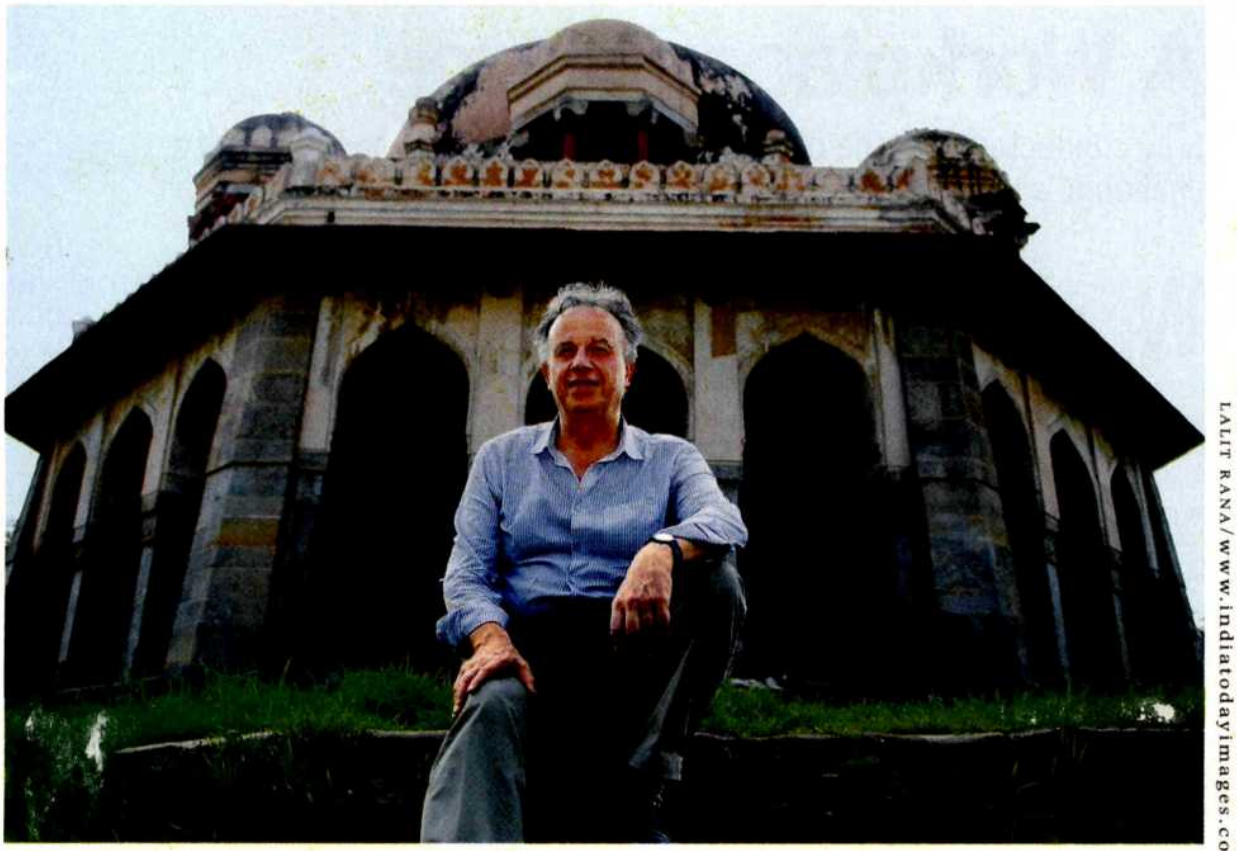
On whether the book is a revised version of *The Polyester Prince*

The new book is basically an updated version of *The Polyester Prince* with a bit more analysis. So far there have been no red flags from the Ambanis and they have not tried to block the publication of the book. I think we are also living in different times, different eras, which mean different views now. The Ambani brothers have global business connections in a global economy. They are more aware of how businesses are scrutinised outside and know that analysis and criticism are a part and parcel of life.

On Dhirubhai's legacy

He had a dual legacy. On the one hand, he created world-class projects and plants. On the other, he focused on political management and public relations. And you see corporates doing this in several other countries, like South Africa, Australia, Korea and Indonesia.

As the size of his business grew,



LALIT RANA/www.indiatodayimages.com

The chronicler: Author Hamish McDonald

his political clout also increased — particularly with the Congress. This was around the 1979 collapse of the Janata government and formation of a minority government under Charan Singh. Dhirubhai was a key player in organising and orchestrating the political defections that brought about the regime change.

But I would say that the physical legacy is the main legacy of Dhirubhai. The other legacy may have faded. With time Reliance is becoming a more managerial company and more stable. The question is — has it become too managerial and stable to expand?

On Dhirubhai's failures

I would say he made two big mistakes. His enmity with Ramnath Goenka, the publisher of *The Indian Express*, put him in great difficulties later on. And that was largely because of his arrogant remark to Goenka that every man has his price. His other notable failure was his inability to acquire Larsen & Toubro in the 1980s and 1990s.

On the split between the Ambani siblings

It's good for the core petroleum and refining business. Earlier, cash and funds got diverted to relatively new businesses like telecom and power. Anil, though, won't have the cash and reserves to pump into his new businesses. I would say the split has worked in favour of Mukesh. But during their public battle it was interesting to see how they deployed the battle strategies learnt from their father, earlier reserved for rivals, at each other — like leaking documents and planting stories in the media.

On which brother is a better leader

Mukesh is the commander of the petroleum business and he is in a commanding position. Mukesh can analyse on a macro scale but in businesses where people skills are important, like retail, he has not been that successful. Anil is a bit more mercurial but he appears to be better than Mukesh at marketing. He might do well in the entertainment side of the business. So I would say that the brothers have different strengths.

On whether Dhirubhai would have succeeded in an open economy

In an open economy, with greater competition, he would not have been able to grab large market shares. During the Licence Raj, those who managed to corner the licences had a monopolisitic share of the market and did well. I would say that Dhirubhai was a product of his times. ◆

A Workplace@Home

Stay connected with the office to make working from home less of a challenge and more of an advantage. BY SAUMYA BHATTACHARYA

Where is Raj? I have not seen him in office for the last three days," thundered an irritated team leader at a consulting firm on a Friday. He did not quite stop brooding when he was told that Raj had availed of the option to "work from home" for a few days. And understandably so, as Raj had flouted the basic principles of working from home.

"It's a typical syndrome. Out of sight is out of mind and that is just not acceptable when you are working from home," says Prashant Bhatnagar, Director, Hiring, at Sapient India. While refusing to divulge the number of Sapient employees who work from home, he says: "We have a lot of people on our rolls who spend at least 25 to 50 per cent of their time working from home." The company allows its employees to work from home in special cases, such as women rejoining work after maternity leave.

HR experts suggest that when working from home, one should be a lot more proactive and communicate more regularly with one's team than when one is in office. This is because in office it is easier for the team members to walk up to you if they have a query, which is not possible when you work from home. So the first requirement of working from home is to get in place multiple modes of communication: laptop, communicator, smart phone and infrastructure for conference calls.

SHEKHAR GHOSH

7 STEPS TO WORK SMART

1. Get the infrastructure at home to stay connected with your office. Be easily accessible
2. Be disciplined and stick to a routine when you're working from home
3. Start and stop work at a fixed time and take mini breaks as you do at office
4. Send e-mails to your boss daily on your work progress
5. Do not stop networking. Stay connected to what is happening in the office
6. Have a dedicated room at home for work to avoid distractions
7. Do not work beyond the normal working hours just because you are working from home

You should also have the discipline to work to a routine. This will help you set goals and achieve them in preset time frames. So, adhere to the work timings that you normally follow in office.

Take, for instance, Sapient's Bhatnagar who partially works from home now. Because of the long — 50 km — commute between his home in Noida and office in Gurgaon, he had to readjust his work schedule to avoid getting caught in the rush hour traffic. Bhatnagar now reaches office at 8 a.m. and leaves at 4 p.m. He then works for 4-5 hours at home. He has a dedicated room with the necessary infrastructure of an office. And, of course, he locks the dog out. "You definitely need an environment that gives you privacy," Bhatnagar says.

When working from home, do not isolate yourself from your team in office. Send regular e-mails to your boss on your work progress and call your colleagues to stay abreast of the happenings in office, including any training opportunities that might come up. When working mostly from home, do visit your office from time to time just to maintain a sense of cohesion.

Working from home can actually improve your performance provided you stay disciplined, say HR managers. Being disciplined also means making sure that you do not work beyond the hours just because you are working from home. ◆

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CEO, Sharekhan

The Tiger Never Sleeps

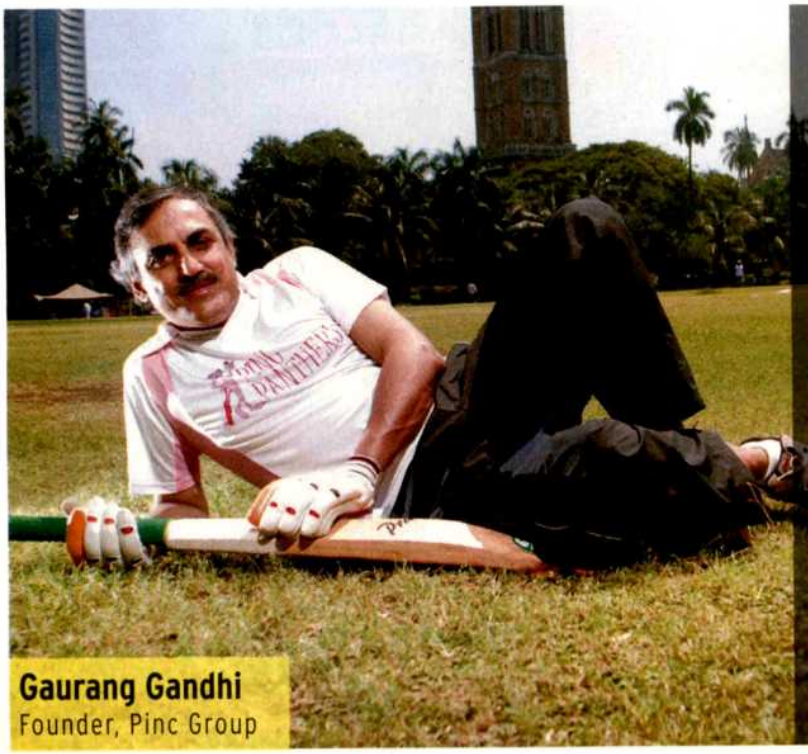
Gordon Gekko's much mellowed return to celluloid in *Wall Street: Money Never Sleeps* did not set the Indian box office afire — not at least the way *Dabangg* could. Nevertheless, Sharekhan, its Indian brand partner, believes that the association has worked well for it. So, why did a broking house decide to associate its fair name with a movie that largely preaches the perils of avarice? "Sharekhan is a 10-year-old company and in terms of positioning and our goal of empowering retail investors, it was a good branding fit," explains CEO **TARUN SHAH**, 51, who has not yet seen the movie. *BT* got him to react on Gekko's razor-sharp one-liners.

Gekko: "Greed is good. Now, it seems it is legal."
Shah: "... Greed itself might not be bad provided it is backed up with hard work."

Gekko: "The mother of all evil is speculation."
Shah: "... Speculation is the fulcrum on which the markets are based..."

Gekko: "Bulls make money. Bears make money. Pigs? They get slaughtered."
Shah: "Totally agree."

T.V. MAHALINGAM



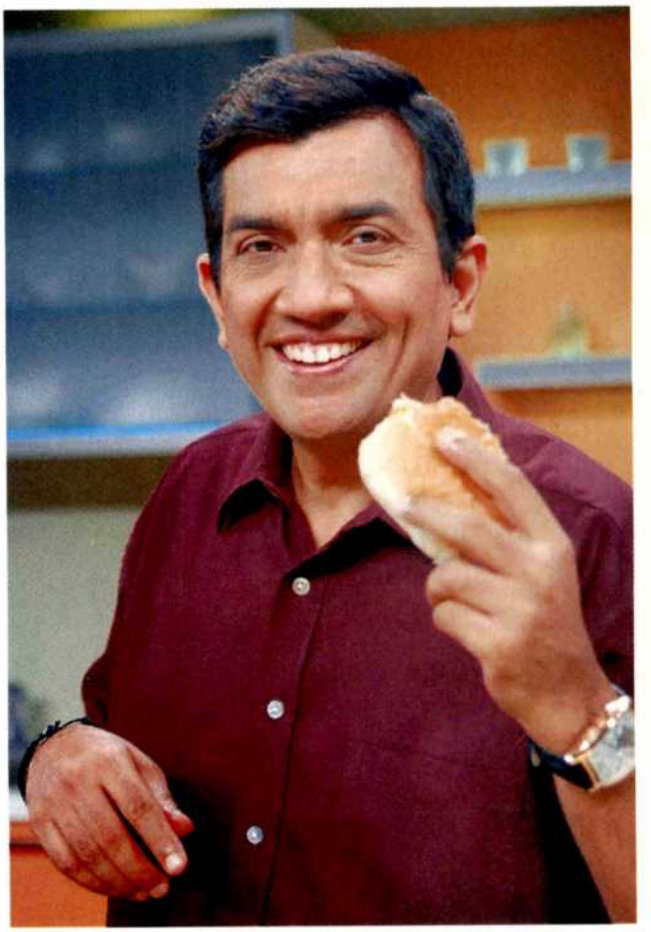
NISHIKANT GAMRE

Gaurang Gandhi
Founder, Pinc Group

Six-baggers of Another Kind

It is a long way from Dalal Street to the sands of Goa, but for the Pinc Group of Companies, it could well have been another day at the office. Pinc, which stands for Pioneer Investcorp, is a Mumbai-based group with capital market-related activities. Last fortnight, led by its Founder and Managing Director **GAURANG GANDHI**, 54, the Pinc Panthers went on to win a "super sixes" beach cricket tournament in Goa. The umpires had their task cut out. "For instance, when a ball got caught in a coconut tree, there was indecision as to whether it was a four or a six; the players, meantime, continued to run," grins Gandhi.

NITYA VARADARAJAN



Sanjeev Kapoor
Master Chef

Putting the Bite on a New Sight

A 24-hour food channel may seem a daunting prospect to most — unless you are the host of a cookery show that is the longest running programme on any satellite television broadcaster in India. Over 16 years and 800 episodes later, **SANJEEV KAPOOR**, 46, host of *Khana Khazana*, is set to make his kitchen a stage — round-the-clock.

Finding investors is not a problem for Kapoor, although, at the time of writing, he was keen to keep their identities under wraps. "Food will be the next entertainment on Indian television," declares Kapoor, who is an amateur percussionist when he is not with his pots and pans. Also keeping him busy is research on new kinds of food and ingredients. He seems to have found enough of one ingredient to get his new venture going — capital.

ANUSHA SUBRAMANIAN

NISHIKANT GAMRE

LALIT RANA

Darshan Mehta

President and CEO, Reliance Brands

On a High Clothes Horse

He has been at the forefront of Reliance Brands's joint ventures with luxury labels Paul & Shark and Zegna, and high-fashion label Diesel. So, what are the bling-bling threads **DARSHAN MEHTA**, 49, head of this Mukesh Ambani-owned retailing venture, most happy in? "I used to frequent Diesel outlets on my overseas trips, but now I shop in Mumbai," says Mehta. "Polo Ralph Lauren brand Rugby and British brand AllSaints are other favourites. You don't get them here." Not yet.

ANUMEHA CHATURVEDI

Tusshar Kapoor

Director, Balaji Telefilms Ltd

Man About Tinseltown

He is hoping to be more successful in the boardroom than he is on the silver screen. **TUSSHAR KAPOOR**, the 34-year-old-son of yesteryear superstar Jeetendra, is back on the board of Balaji Telefilms Ltd as a director, a position he held between 2004 and 2009. He has also been re-appointed on the board of Balaji Motion Pictures Ltd, a wholly-owned subsidiary of the serial producer.

Kapoor has already begun walking the corporate talk. His first priority at both companies: "To de-risk the business model. The business of films interests me a lot," says the MBA from the University of Michigan. So whilst it is the small screen for sister Ekta, Tusshar clearly prefers the big silver one — whether he is on it or behind it.

ANAND ADHIKARI

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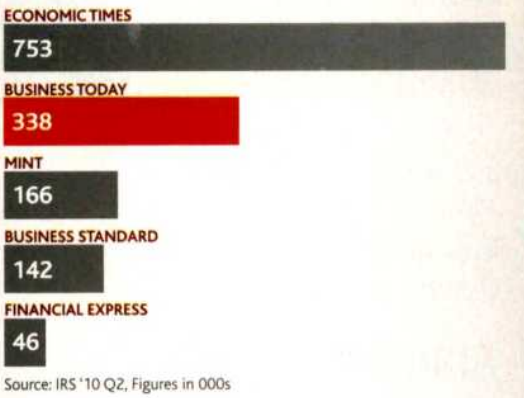
Are India's Pink Dailies holding up?

Not only is BT the most-read business magazine in India, it also retains its No. 2 spot among all business publications. A fortnightly's longer shelf life comes as the bonus.



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The IRS 2010 Q2 results are out.
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SHEKHAR GHOSE

Giovanni Bisignani
Director General, IATA

Over, Not Out

He has controlled the world's airlines with an iron grip over the past decade as the Director General and CEO of the International Air Transport Association, or IATA. As **GIOVANNI BISIGNANI**, 64, gets ready to fly into the sunset — his term ends in March 2011 — he would like to think he has left the global airlines industry in good hands, what with it set to make profits of over $8 billion by year-end. Next stop? "I have run banks and shipping companies. I am not a one-industry horse," he jokes. But with IATA's own predictions of a sombre 2011, it remains to be seen if the industry can do without him.

KUSHAN MITRA

U.K. SINHA
Chairman, AMFI

Amfi Fie Fo Fum

Managing two mandates shouldn't be difficult for **U.K. SINHA**, 58 — not when he is in the habit of reading three books at a go. Right now it is *The Mahabharata*, a murder mystery, *The Scent of Money*, and a biography of Tony Blair that he is poring over. "I manage to read all at the same time," grins Sinha, Chairman of UTI AMC, who took over as Chairman of the Association of Mutual Funds of India last fortnight. As AMFI Chairman, he has a mission: To attract more retail investors. "Mutual funds are not meant for managing corporate treasuries," he warns.

ANAND ADHIKARI

UMESH GOSWAMI

MONEY SHARMA

Nishchae Suri
MD, Mercer

Harmonic Resources

He is used to leading teams, be it a cricket squad at his former company or the leadership school he set up in July 2009. Now, from October 25, **NISHCHAE SURI**, 36, will lead HR consulting firm Mercer in India. Suri has spent more than 11 years with Hewitt Associates in Asia-Pacific and West Asia. In October 2008, Suri quit Hewitt to set up the School of Inspired Leadership at Gurgaon. "In the business of people, people come first," he says. Suri is also a Hindustani music connoisseur and finds enough lessons in it to fine-tune his own leadership skills. "Everything in music is about harmony and how notes and sound create the balance. Leadership, too, is an act of balance," he says. ◆

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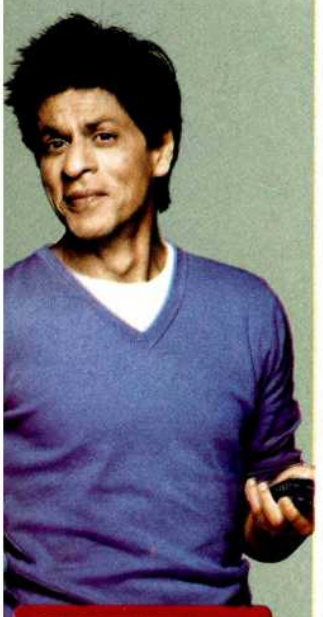

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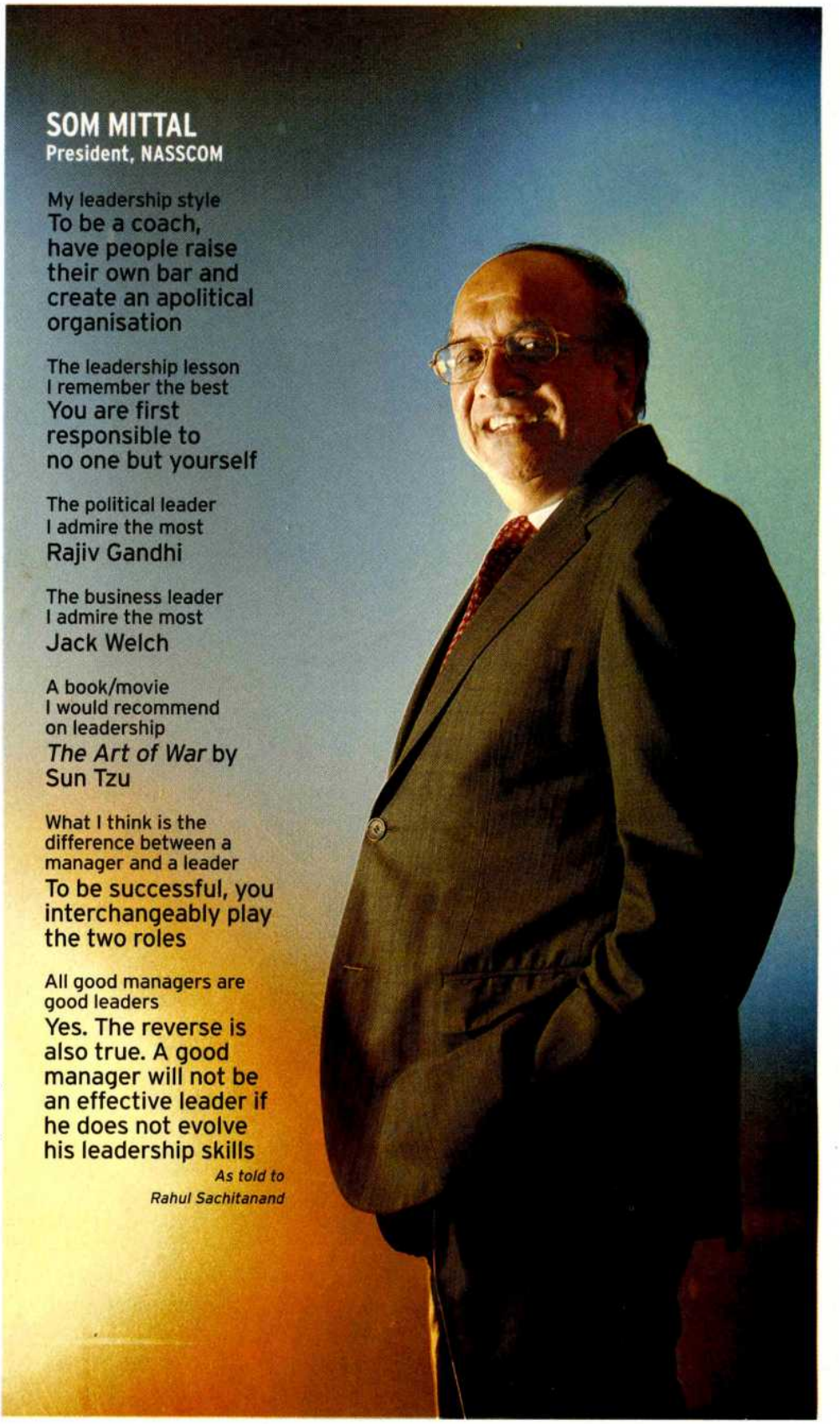

SOM MITTAL
President, NASSCOM

My leadership style
To be a coach, have people raise their own bar and create an apolitical organisation

The leadership lesson I remember the best
You are first responsible to no one but yourself

The political leader I admire the most
Rajiv Gandhi

The business leader I admire the most
Jack Welch

A book/movie I would recommend on leadership
The Art of War by Sun Tzu

What I think is the difference between a manager and a leader
To be successful, you interchangeably play the two roles

All good managers are good leaders
Yes. The reverse is also true. A good manager will not be an effective leader if he does not evolve his leadership skills

As told to
Rahul Sachitanand

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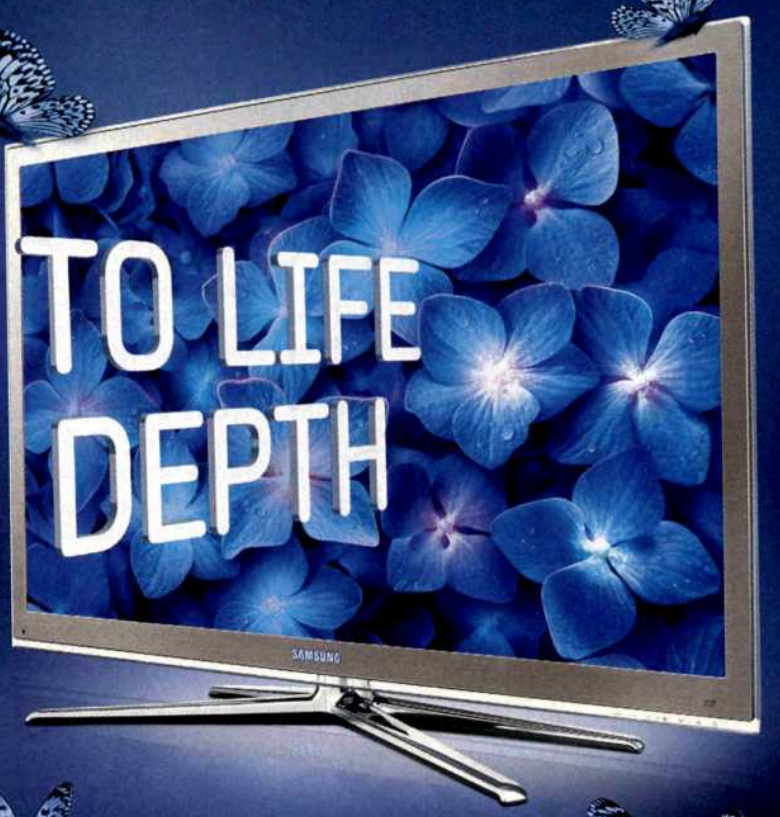

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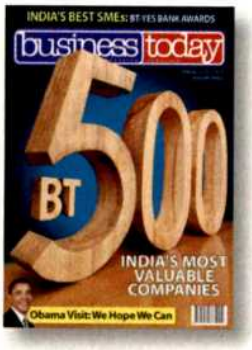
From the Editor

Nothing matches the rush of blood to the brain when you read super-sized success stories. Nothing tells the story of the Milky Way of densely-packed stars across India's business sky as vividly as our annual BT500 rankings.

Year after year, from the first listing in *Business Today*'s March 7-22 1992 issue, the rankings have chronicled a super-economy foretold. Those first listings appeared just after India's financial crisis and the cracking open of the licence raj door. Market capitalisation is the leitmotif of the *BT* rankings. The market cap of the very first BT500 was Rs 102,246 crore. As of September 30 this year it stood at Rs 4,302,860 crore. At the exchange rate then (Rs 25.89 = $1) this translated to $39.5 billion. At today's exchange rate the top 500 companies are just $30 billion shy of a trillion dollars. For more jaw-dropping numbers go to page 80 and mutter "if only".

What patterns emerge from reading the runes? Mahesh Vyas, a lifelong company watcher and CEO of CMIE, whose database provided the grist for the analysis mill, sees three. 'Old horses' like Tata Steel, Tata Motors, SAIL, Hindalco and SBI have not only not been swept away by liberalisation and competition, they have grown and thrived. Second, although only two of today's top ten – Reliance Industries and ITC – featured in the top ten in the very first BT500, there are several 'new economy' companies in the rankings, like Infosys, Bharti Airtel, and Sun Pharma. Third, companies that made big investments, like Reliance Industries and the Tata Group, have grown rapidly.



The BT500 package, starting on page 66, was crafted by our intrepid Mumbai team of Anand Adhikari, Suman Layak, T.V. Mahalingam, and Anusha Subramanian, led by Managing Editor Brian Carvalho. Special Correspondent Rajiv Bhuva drilled patiently down through the data and pulled out some fascinating trends; to appreciate the rigorous methodology go to page 152.

This collector's edition is replete with teamwork. Although none of them made it to the BT500, India's small and medium businesses keep our giant economy thrumming. BT's SME Awards, instituted in 2009 in partnership with YES Bank, drew 64,000 entries this year, and a hard-working jury had to pick 13 winners. Go to page 162 for those inspirational stories.

BT writers also teamed up to raise the curtain on President Barack Obama's imminent visit. Obama arrives immediately after a mid-term US election in which the Democrats are widely expected to get a cold dousing. He will be under pressure to do deals in India that create jobs back home. The two countries need to do more business with one another. We can only wait in audacity and hope.

We hope you will enjoy the magazine's new design. The typography has changed. So has the look and feel and navigability. Some sections have been renamed. You will find more links to our revamped website. Our pictures shine. We are already India's most-read business magazine. Did we mention we are also India's best-looking business magazine?

Chaitanya Kalbag

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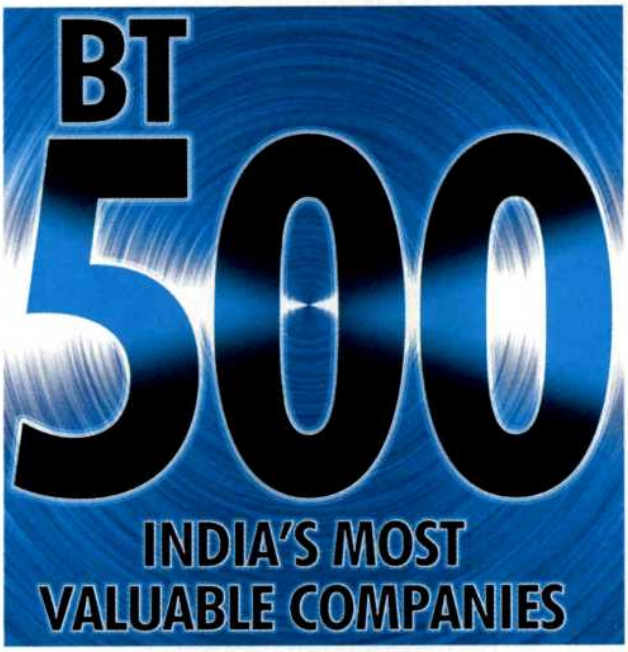

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Betting on India

The New GE Way (BT cover, October 31) makes a powerful and convincing case for India's market potential and the opportunities it presents to global conglomerates such as GE for stitching up business ventures with local partners. As India looks set for rapid and accelerated growth in the years ahead, more and more multinationals are betting on their fortunes in India and planning to increase their presence here.

B. Rajasekaran, *Bangalore*

A Pioneer Indeed

No foreign company has played a bigger or a more stellar role than GE in making multinationals see the merits of making deep commitments in a developing market like India. Over the years, GE has made significant investments in developing new products designed to meet specific Indian needs. GE businesses are helping India in many areas of infrastructure development, health care, transportation, aviation, clean water and energy and financial services today.

Neeraj Thakur, *Pune*

One Good Turn Deserves Another

Companies such as GE, which excel in areas like infrastructure and technology, are helping India grow into a manufacturing hub. The government should extend tax incentives to firms boosting our manufacturing capabilities.

V. Mathur, *Chennai*

"The government should extend tax incentives to firms boosting our manufacturing capabilities"

Bell the Cat

Kudos for your story on sexual harassment at the workplace (*Corporate Apartheid*, BT cover, October 17). I hope the article serves to open our eyes to this burning issue. Sexual harassment infringes the fundamental rights of a woman and her right to live and work with dignity. Although there is no specific law against sexual harassment at the workplace in India, there exists several legal provisions under various sections of the IPC. Still, we betray an ostrich-like approach to this problem and deny its existence. Simply defining and redefining sexual harassment will not help to fight this malaise. Taking deterrent action — promptly and swiftly — against perpetrators is the need of the hour. We should bell the cat of sexual harassment at the workplace if we want this gender iniquity to go.

J.S. Broca, *Delhi*

www.businesstoday.in@coverstory: *Corporate Apartheid (BT,* October 17) raises concern on how Indian companies are in denial about bias and sexual harassment.

www.businesstoday.in@coverstory: *B-schools at the Crossroads (BT,* October 3) describes the churn in Indian management education and its impact on B-schools.

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N. Madhavan on how Heritage railways is being ignored in India.

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Anusha Subramanian on whether Big B's fourth season of hosting *Kaun Banega Crorepati* will prove as successful as its earlier avatars.

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Special Report—Auto

Baby You Can Drive My Car

Car makers in India have never had it so good. The total Indian passenger vehicle sales is expected to cross two million units for the first time in 2010-11. What explains the buying binge? And what problems are the Indian automotive industry facing despite burgeoning demand?

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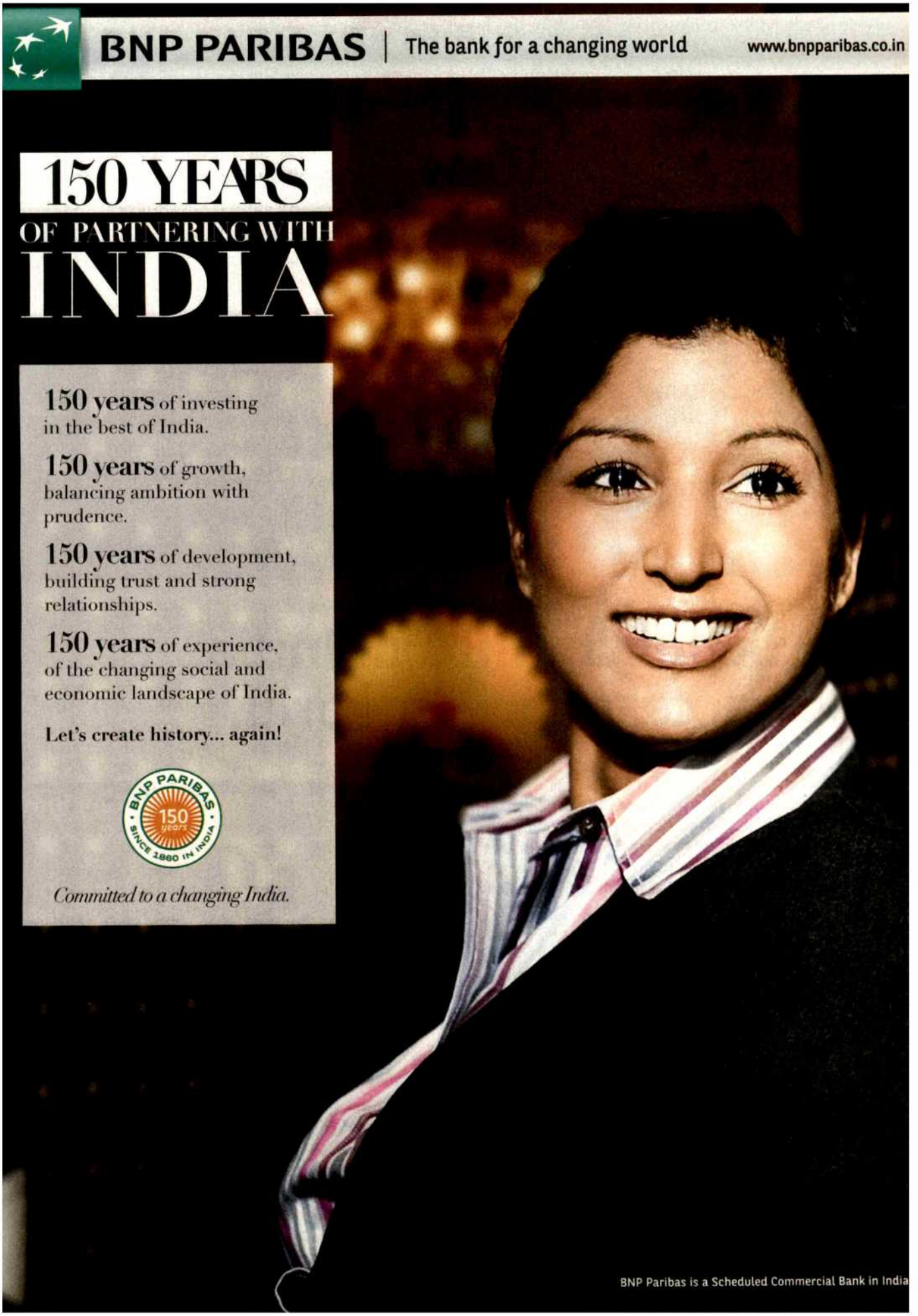
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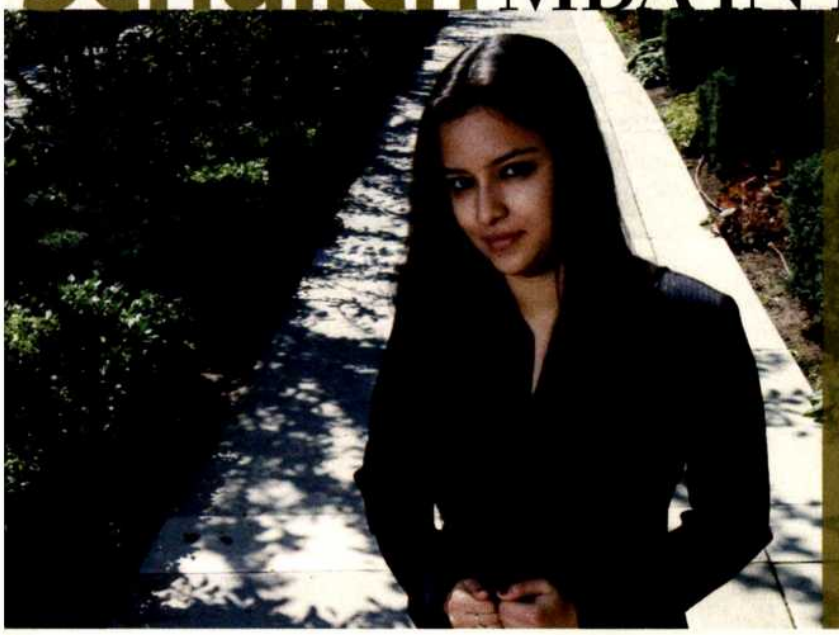

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15 Companies Bill Demystified
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BT 500 IN 2030

ILLUSTRATIONS BY KAPIL

A host of Indian companies, led by technology and FMCG firms, will be among the most-valued globally by 2030, argues Nirmal Jain.

The world has seen rapid global changes in the last 20 years, and it appears that this pace of change will accelerate in the next 20 years. India is much better placed than any other country in the world to harness this opportunity and grow faster economically. Personally, I am sure that in the next 20 years, India's economic growth will outpace China. India has two crucial advantages over most countries: demographics and technology. India's young population, will stand out in an otherwise ageing world. India will have the largest "young workforce" by 2030, which will add significantly to income and savings.

Historically, after Independence, India averaged a meagre GDP growth of 2.5-3 per cent in the first three decades, dubbed as the "Hindu rate of growth", which accelerated to five per cent and now, in the last few years, we have seen an 8-8.5 per cent

$10 trillion
is the expected size of the Indian economy by 2030

NIRMAL JAIN'S TAKE

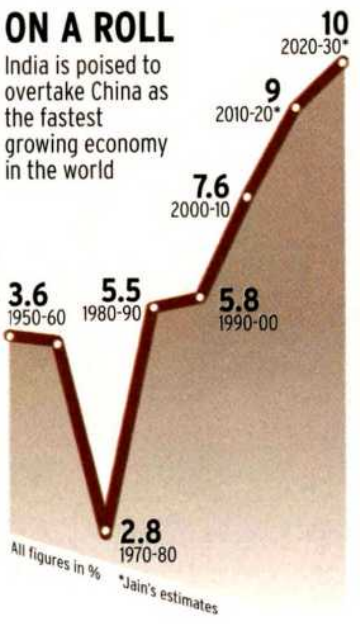
1. India's favourable demographics give it an edge over other countries
2. The next 20 years belong to Indian companies on the world map
3. Many Indian PSUs and private companies will grow inorganically and become MNCs
4. Indian IT, FMCG and financial services will be among the most-valued companies in the world
5. Telecom and commodity firms will lag behind
6. Several current blue chips will have to contend with a surge in competition from new entrepreneurs

growth. India is indeed well placed to have an average growth of 9-10 per cent in real terms in the next 20 years. Fortunately, technology will help India overcome constraints of poor infrastructure and help it maintain its growth momentum. This, with the likelihood of the rupee appreciating significantly against the dollar, will easily transform India into a $10-trillion economy by 2030, from the current $1.4-trillion economy. India will be the fourth-largest economy in the world

As in the last 20 years, there will be several winners and new leaders over the next couple of decades. Many are little-known today or may not even exist today. If you look at the previous 20 years, Google is a brilliant example of a start-up becoming one of the largest companies in the world. There will be many more opportunities for the $10 trillon Indian economy. I think market cap growth will be even faster and may reach $20 trillion by 2030. There will be huge technology-led innovation driving consolidation, particularly in the banking and financial sector, which will see significant M&A activities.

ON A ROLL

India is poised to overtake China as the fastest growing economy in the world



Several large PSUs will get listed and some of them will emerge as global companies. Many large PSUs and Indian private companies will make overseas acquisitions and become multinational companies after 20 years. I will not be surprised if there are about 10 Indian companies in the top 100 global list of companies by market cap. Some of these Indian companies will not look Indian but global, and maybe known as CIOs (Companies of Indian Origin). Amongst the sectors, 'domestic consumption'-oriented companies will do very well. The FMCG companies will sustain a high compounded growth rate. The companies driven by brands will not be impacted much by technological changes in the world.

Indian IT companies are likely to emerge as global leaders. As technology innovations continue, Indian IT companies will continue to do well with abundant supply of talented manpower required for this industry. With rising prosperity, people will spend more on entertainment, media, travel and leisure and companies in these sectors, too, will grow rapidly. Some of the leading companies today, such as Reliance, are likely to remain in the most-valued companies list, but remember in that period we will see management change to the next generation, and a lot will depend on how they handle the competition from new aggressive entrepreneurs seizing the opportunities offered by a rapidly-changing world.

Some of the sectors which are now not significant will emerge as leading players in the new economy. The one sector which is a dark horse is aviation. Air traffic will increase significantly, aided by big investments in new airports as well as upgradation of existing infrastructure. Going by what we have seen in the last 20 years in China, the infrastructure sector will continue to grow. While real estate companies have not done well in the last three years, in the next 20 years some of the leaders will emerge from this sector as well.

The sectors that I think will struggle are telecom, fertilisers, commodities and maybe automobiles as well. The retail sector will also experience a significant paradigm shift and turbulence. The business models will change with the Internet and e-commerce taking the centre stage in retail.

I am very confident that the next 20 years belong to India on the world stage.

The author is Chairman of the India Infoline group

Decoding the Companies Bill

The Bill is expected to be passed by Parliament during the coming winter session. Here's a look at its broad contours.

What was proposed

The Companies Bill 2009 will replace the existing Companies Act of 1956 with radical changes, in tune with the best corporate governance practices globally. Insider trading by company directors or key managerial personnel would be made an offence with criminal liability. There would be mandatory consolidation of financial statements of subsidiaries with holding companies, recognition of cross-border mergers and clear definition of an independent director's role. Special courts would be set up to take action against offences under the Companies Act. The courts will have the power to fine a company and the errant executives and even hand down prison terms ranging from six months to five years.

What has changed

The Parliamentary Standing Committee on Finance, chaired by Yashwant Sinha, has suggested some changes in the Companies Bill. The committee has restricted the tenure of independent directors to six years. Companies must also rotate audit firms after every five years. The committee has also recommended that companies would be able to have only one level of subsidiary companies. This means a subsidiary company cannot have subsidiaries. The Ministry of Corporate Affairs is reviewing the committee's report and is likely to incorporate most of the suggestions in the proposed Bill.

The implications

The new Companies Act promises greater shareholder democracy and tighter governance norms for companies. It will empower investors by allowing them to initiate class action suits against promoters. At the same time, limiting the number of subsidiaries would prevent money laundering and siphoning off of funds.

Its shortcomings

Industry experts think that the subsidiary clause will hurt the flexibility of the companies to make investments in India and abroad. Rotation of audit firms or audit partners will also be tough given the limited options for India Inc. Besides, some of the proposals on insider trading and independent directors have already been notified by the SEBI.

MANU KAUSHIK

WORDSMITH

(NEW WORDS IN BUSINESS)

Flash Mob

(Fl-ash Mawb)

What it means: A large group of people who assemble suddenly in a public place and then disperse.

Origin: The first flash mob was organised in May 2003, by Bill Wasik, a senior editor with Harper's Magazine.

Usage: Organising a flash mob in one of those members-only golf clubs should be fun.

Rashmi is in her early 30's. A creative director with a popular ad agency, her career began ten years ago. Rashmi loves her job and gives it her all. Even if it means long hours, maddening deadlines or lack of sleep. She has been complaining of recurrent back and shoulder pain for some months now. Besides adding a cushion to her chair and keeping some pain killers handy, she has done little about it. It's just a little ache, after all. Recently, Rashmi was diagnosed with cervical spondylitis with severe spasms of neck muscles, a condition that's made it difficult for her to even sit for over an hour at a stretch. She has been advised to take a break from work for at least six weeks. Rashmi is one of the near millions in the country affected by MSD.

WORK BECOMING **A PAIN** IN THE BACK?

SYMPTOMS TO WATCH OUT FOR

Pain, *including tingling, numbness, burning, swelling, stiffness and cramping in the neck, shoulders, wrist, fingers and back is the chief symptom of most MSDs.*

Discomfort while moving *any part of the body.*

Joint stiffness *usually when getting up after sitting/resting in one position at a stretch.*

MUSCULOSKELETAL DISORDER – TODAY'S OFFICE GOERS' DISEASE

Musculoskeletal disorders (MSDs) develop over time and can affect the body's muscles, joints, tendons, ligaments and nerves. There are several reasons why young corporate professionals are most vulnerable to MSDs, the leading cause though is improper seating, especially for more than 4-5 hours at a stretch. Health problems range from discomfort, minor aches and pains, to more serious medical conditions like cervical spondylitis. Thanks to sedentary work cultures, coupled with stress and unhealthy lifestyles, more and more corporate professionals in the country are falling prey to this phenomenon.

"There has been an alarming rise in MSD cases in the last decade. Without proper care, these can lead to serious and irreversible consequences."

Dr. Kishore Madhwani, Occupational Health Specialist & Consulting Physician, Mumbai.

The average office-goer is spending more time than ever in front of the computer. And the need for comfortable seating has never been greater. In today's day and time, we value our jobs more than life. Isn't it time we gave a comfortable work life a thought?

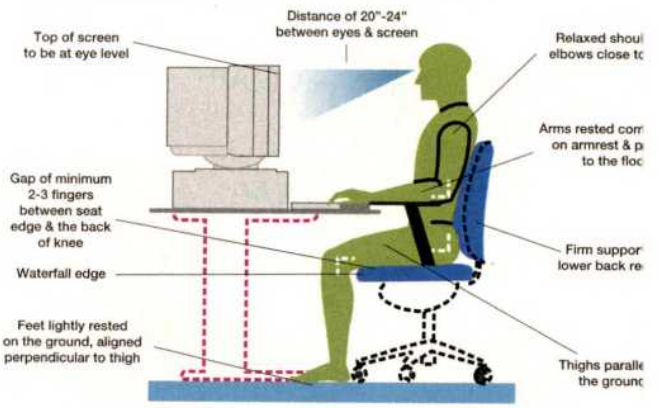
WHAT YOU CAN DO

Select the ***right chair*** *– one that supports the natural S-curve of th spine.*

Adopt the ***correct work posture,*** *as depicted in the illustration below.*

Maintain stress-free arrangement of work desk *- monitor at arm's length and at eye level, keyboard & mouse within forearm's reach and telephone within arm's limits.*

Exercise *and take regular breaks while working.*



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Betting on the Future

While both forward and futures derivative contracts help reduce losses, the latter are preferable as they carry lower risk and are more liquid. BY SAMEER BHARDWAJ

Expectations play a crucial role in investment decisions and have a direct bearing on the prices of asset classes. As expectations change, prices fluctuate, exposing investments to risks. To help mitigate these risks, traders resort to derivatives. These instruments help lock in future prices, thereby reducing losses and, hence, the risk. While there are several variants of derivative contracts, we examine the ones used most commonly — forward and futures.

Forward Contract

It is an agreement to buy or sell an asset on a specified date at a predetermined price. One of the parties assumes a long position and agrees to buy and the other adopts a short position and agrees to sell. These are non-standardised contracts and the parties negotiate bilaterally. However, forward contracts have several limitations. The parties are highly susceptible to counter-party risk and the contracts are illiquid.

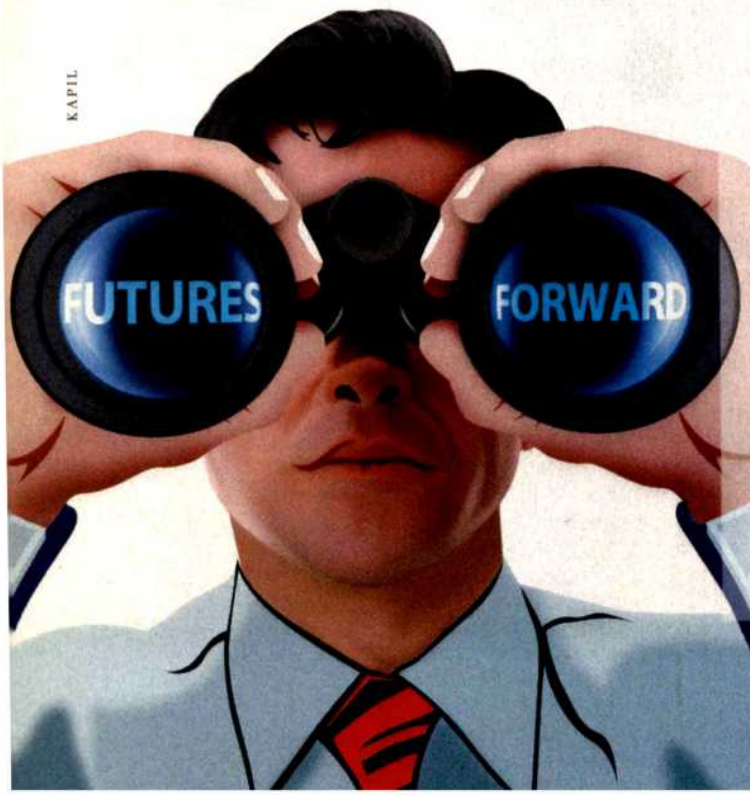
Futures Contract

It is also an agreement to buy or sell a fixed quantity of a specified asset on a particular date. Unlike forward contracts, these are standardised and can be traded on exchanges. The exchange sets the contract details, such as the quantity and quality of asset, facilitates liquidity and eliminates counter-party risk. The transactions are conducted through a clearing house, which ensures that both parties fulfil their obligations. The assets for which futures contracts are available in India include stocks, market indices, interest rates, currencies and commodities. Let us consider some examples.

Short futures: A farmer expects to harvest 1,500 kg of wheat to sell after a month. However, its price is likely to decline substantially in the short term. A futures contract on wheat is available at Rs 25 per kg and the contract size is 100 kg. He can lock in the price at Rs 25 by going short in 15 contracts. He ensures that he will receive Rs 37,500 irrespective of the price variation. However, if the price rises, he will not benefit.

Long futures: A trader has imported goods worth $10,000 from Chicago and is required to make the payment after a month. But the dollar is expected to strengthen during this period. A currency futures contract is available at Rs 45. If the contract size is $1,000, he can take a long position in 10 contracts. He can lock in on Rs 4.5 lakh and safeguard himself against an appreciation. However, he will not gain if the dollar depreciates. ◆

Courtesy: *Money Today*



KAPIL

Forward Contract vs Futures Contract

Characteristics	Forward	Futures
Nature	Customised contracts	Standardised contracts
Trading	Over the counter	Through exchanges
Liquidity	Illiquid	Highly liquid
Counter-party risk	High	Negligible
Settlement	Through delivery	Offset or through delivery
Margin	No margin system	Compulsorily needs to be paid by the parties

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dentsucomm/bt/16/10

We find out if Nokia N8 is worth it, and also test-drive Audi's big, bad SUV

A Mixed Bag

Is Nokia's latest flagship device the harbinger of good times for the Finnish company? Or yet another disappointment from the mobile phone giant? Actually, it is neither. It has none of the fatal flaws that doomed the N97, but it is still behind competing the mobile software platforms.

We did like the hardware, though the anodised aluminium finish does look like a rather fat cigar in the version that we were given. Nokia has gone to great lengths to highlight the N8's 12-megapixel camera with its ability to record video at 720p high-definition. The device's photography and videography skills can be enjoyed on a HD television, thanks to its HDMI-out port.

The touch screen is nice, though small compared to some of the other devices on the market. But the 3D graphics hardware accelerator means that the 680 MHz processor can play back video and graphically intensive games without flickering.

The N97 seemed to have been a chastening experience for Nokia. The memory management on the new device is far improved. Interestingly, Nokia has given the N8 a dual-charging system, the regular "thin-pin" Nokia charger as well as the more common micro-USB charger. Now the drawbacks. The Symbian U3 platform could have been a lot more. There are parts of it that still feel a bit clunky to use and it does feel slow. Also the N8's full keyboard only works in landscape orientation and using T9 text-prediction on a touch screen feels strange. Importing contacts from Gmail to Ovi Contacts is not easy.

The N8, then, is possibly the best Nokia device since the E7. Should you buy one? Well, at this price, it is not a bad deal at all.

KUSHAN MITRA

Nokia N8
12-megapixel camera, 680 MHz processor

- ⊕ Good looking hardware, excellent camera, good performance
- ⊖ Text entry could be better, Ovi services synchronisation is poor

Price: Rs 26,290 (MRP)

The German 'Beast'

It looks like a normal Q7 — not that good-looking and not that powerful. And then you turn the engine on. The physical term "torque" is used to describe a turning force on an object. It is what gives a motor vehicle its get-up and go. Usually, that rush lasts a split second and you do not really notice it. On the Q7 4.2 TDi, with its massive turbo-charged V8 diesel engine, you learn what torque is when it punches you on the chest and all the air in your lungs rushes out.

And it does not stop there. The engine is so powerful it keeps going on. Audi claims the car will hit a top speed of 240 kmph, but we did not really want to go full throttle in a car that weighs two-and-a-half tonnes. But on every performance metric, this powerful machine from Germany races ahead of competition.

Would you want so much unrestrained power in your driveway? Well, you could, but probably you would want it in a sedan. The Q7 does ride lower which gives it a lower centre of gravity, but that also means it is poor off the road. And it still rides higher than a regular sedan. Audi has the smaller A7 coming out soon. Now, if only they put this engine in that model.

- ⊕ Scintillating power
- ⊖ Just do not take it off the road

Price: Rs 66.56 lakh ex-showroom Delhi

Audi Q7 4.2 TDi
330 horsepower, 240 kmph top speed

VIVAN MEHRA

"The manpower that we get, even if they have an MBA degree or an engineering degree, unless they come from the top schools, is not as qualified as needed"

Indra Nooyi, *PepsiCo's Chairperson and CEO, on the lack of skilled manpower in India, in* SiliconIndia

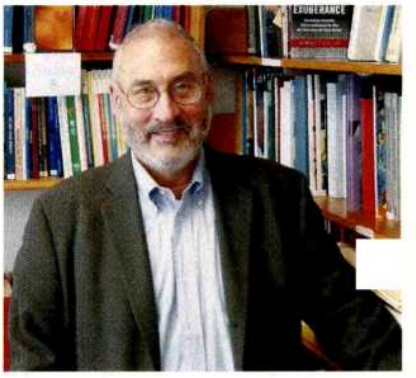
VIVAN MEHRA

"It is a very Indian kind of a method – where there is an opportunity, 500 people will jump in"

D. Shivakumar, *Nokia India's Managing Director, on why consolidation is imminent in the cellphone business, in* Mint

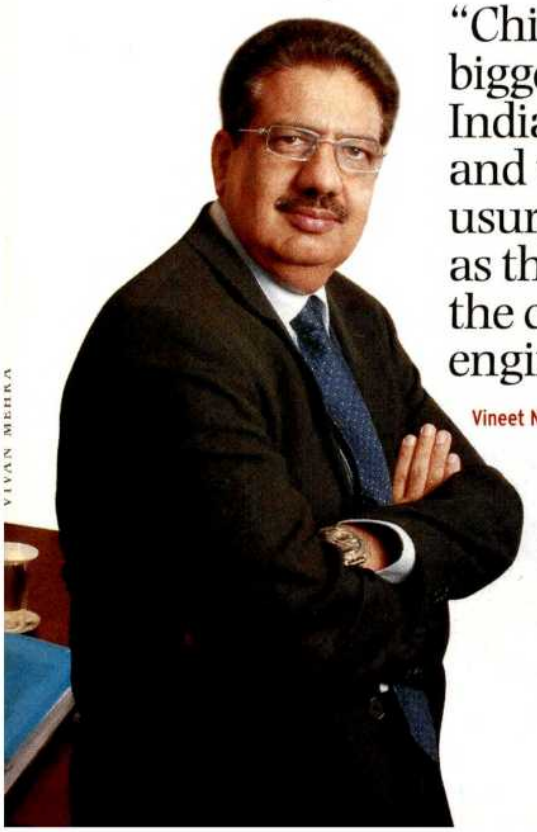
"Overzealous regulation of banks may hamper a very fragile economic turnaround"

Stephen Schwarzman, *Co-founder of Blackstone, in* The Economic Times



"Fed policy was supposed to reignite the economy, but it is not doing that. The flood of liquidity going abroad is causing problems all over"

Joseph Stiglitz
Economist and Nobel laureate, on Bloomberg TV



VIVAN MEHRA

"China is the biggest threat to the Indian IT industry and will soon usurp our position as the source of the cheapest IT engineers"

Vineet Nayar, *CEO of HCL Tech, in* DNA

CLASSIC BUSINESS QUOTE

"A market is never saturated with a good product, but it is very quickly saturated with a bad one"

Henry Ford

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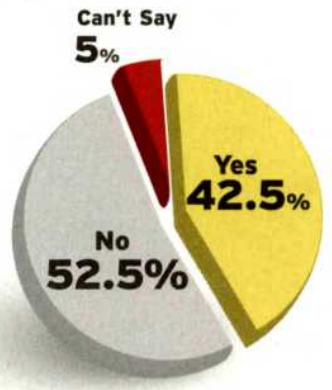
Should microfinance institutions be allowed to set up banks?



KULDEEP

Results of *BT* online poll; No. of respondents: 195

Most respondents believe that microfinance institutions (MFIs) should not be allowed to set up banks.

It does seem, though, that the Reserve Bank of India (RBI) may soon allow MFIs to acquire banking licences and accept deposits. The RBI in the past has expressed concern over the high interest rates charged by the MFIs. But if a large number of MFIs become banks, it would actually open up the possibility of 25 million micro borrowers becoming depositors. This would mean cheaper access to capital for MFIs, giving them the resources to offer cheaper credit and also extend their reach in underserved regions.

It is time for the RBI to push ahead with the initiative.

Next poll question:

Has the Indian Premier League (IPL) brand equity been dealt an irreversible blow by the recent controversies?

Log on to www.businesstoday.in to cast your vote

BT-CARMA

CEO Watch

INDIA'S AND THE WORLD'S MOST TALKED-ABOUT CEOs IN OCTOBER

Anil Ambani

KAPIL

The Ambani brothers occupied the top two positions on our chart. Anil Ambani was in the news for the collapse of his group's reported negotiations with the UAE-based Etisalat for an equity stake in Reliance Communications. Both brothers were also in the limelight for detailing the investment plans of their group companies. While Anil outlined investments of nearly Rs 1,25,000 crore for his different ventures, Mukesh shared the investment plans of Reliance Industries in BP's Vietnam assets.

The spat at SKS Microfinance, which led to the ouster of CEO and Managing Director Suresh Gurumani, saw near-saturation coverage in the pink dailies. The media reported the sacking as a "power struggle" between Vikram Akula, the founder of SKS, and Gurumani.

TOP 10 INDIAN CEOs

Mukesh Ambani

Suresh Gurumani

Rank	CEO/Company	No. of Stories	
1	Anil Ambani/ADAG	39	
2	Mukesh Ambani/RIL	38	
3	O.P. Bhatt/SBI	11	
4	Suresh Gurumani/SKS Microfinance	11	
5	Ratan Tata/Tata	11	
6	Chanda Kochhar/ICICI Bank	9	
7	Vijay Mallya/Kingfisher	9	NEW
8	R.S. Sharma/ONGC	9	NEW
9	S. Sridhar/Central Bank of India	6	NEW
10	Kishore Biyani/Future Group	5	NEW

TOP 10 GLOBAL CEOs

Warren Buffett

M. Geoghegan

Rank	CEO/Company	No. of Stories	
1	Warren Buffett/Berkshire Hathaway	88	
2	Michael Geoghegan/HSBC	60	
3	Bob Dudley/BP	51	NEW
4	Marius Kloppers/BHP Billiton	47	
5	Larry Ellison/Oracle	37	
6	Josef Ackermann/Deutsche Bank	34	NEW
7	Steve Jobs/Apple	33	
8	Robert Benmosche/AIG	32	
9	Carlos Ghosn/Nissan-Renault	30	
10	Rupert Murdoch/News Corp	30	NEW

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BT-TAM

Most-watched Ads in September 2010

Idea Cellular's out-of-the-box ad campaigns have always made an impact by weaving social themes into its promos. It continues with its immensely popular "What an idea, Sirji" series with Abhishek Bachchan but with a new message — an endearing take on India's multilingual heritage. The new campaign, designed by creative agency Lowe, has already proved to be a clutter-buster for Idea and tops the BT-TAM chart in September. Telecom and FMCG companies dominate the Top 10 list.

The Top Five...

1 IDEA CELLUAR GRPs: 1,698 Seconds on air: 1,083,560

2 Uninor Cellular Phone Service
GRPs: 1,289
Seconds on air: 628,640

3 Horlicks Range
GRPs: 1,242
Seconds on air: 467,825

4 Clinic Plus Shampoo
GRPs: 889
Seconds on air: 220,760

5 Airtel Cellular Phone Service
GRPs: 828
Seconds on air: 318,315

... And the Other Twenty

RANK/BRAND		GRPs
6	Complan	773
7	Fair & Lovely Multivitamin	758
8	Forbes Aquasure Water Purifier	686
9	Rin (New Flavour)	685
10	Close-Up All New Toothpaste	671
11	Lehar Kurkure	662
12	Dove Intense Damage Therapy	625
13	Aircel Cellular Phone Service	622
14	Cadbury Bournvita Plus Plus	620
15	Dettol Toilet Soaps	615
16	Dish TV	604
17	Tata Sky	602
18	Nokia X6	601
19	Colgate Dental Cream	577
20	Lux Toilet Soap	573
21	Fair & Lovely Max Fairness	572
22	Hero Honda Pleasure	570
23	Nestle Munch	568
24	Cadbury Dairy Milk Chocolate	568
25	Axe Musicstar	550

Source: TAM Peoplemeter System
All India CS 4+Yrs GRP normalised to 30 secs
To see ad duration, visit www.businesstoday.in

COMPILED BY SHAMNI PANDE

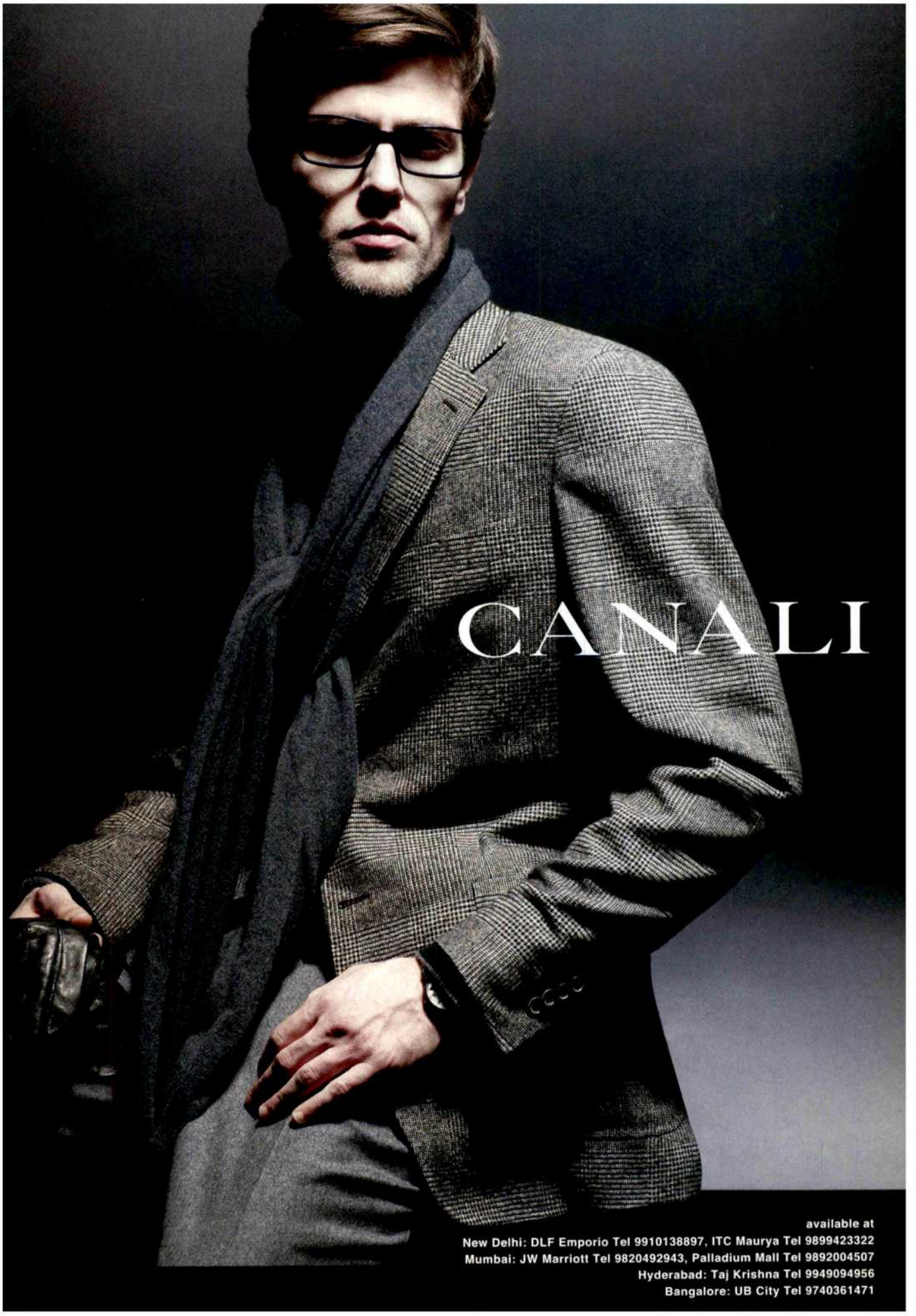
NUMBERS OF NOTE

38.63 MN
The number of mobile phone devices shipped into India in the second quarter of 2010, according to IDC. It was an all-time quarterly high, having grown 6.3% quarter on quarter.

33.2%
The combined market share of Indian brands such as Spice and Micromax at the end of the second quarter compared to less than one per cent two years ago.

38.5%
The market share of phones with dual and triple-SIM card slots last quarter compared to less than one per cent a year ago.

36.3%
Nokia's market share (in numbers shipped) in the second quarter, down from 54.1% last year. (Nokia has disagreed with IDC's estimates)



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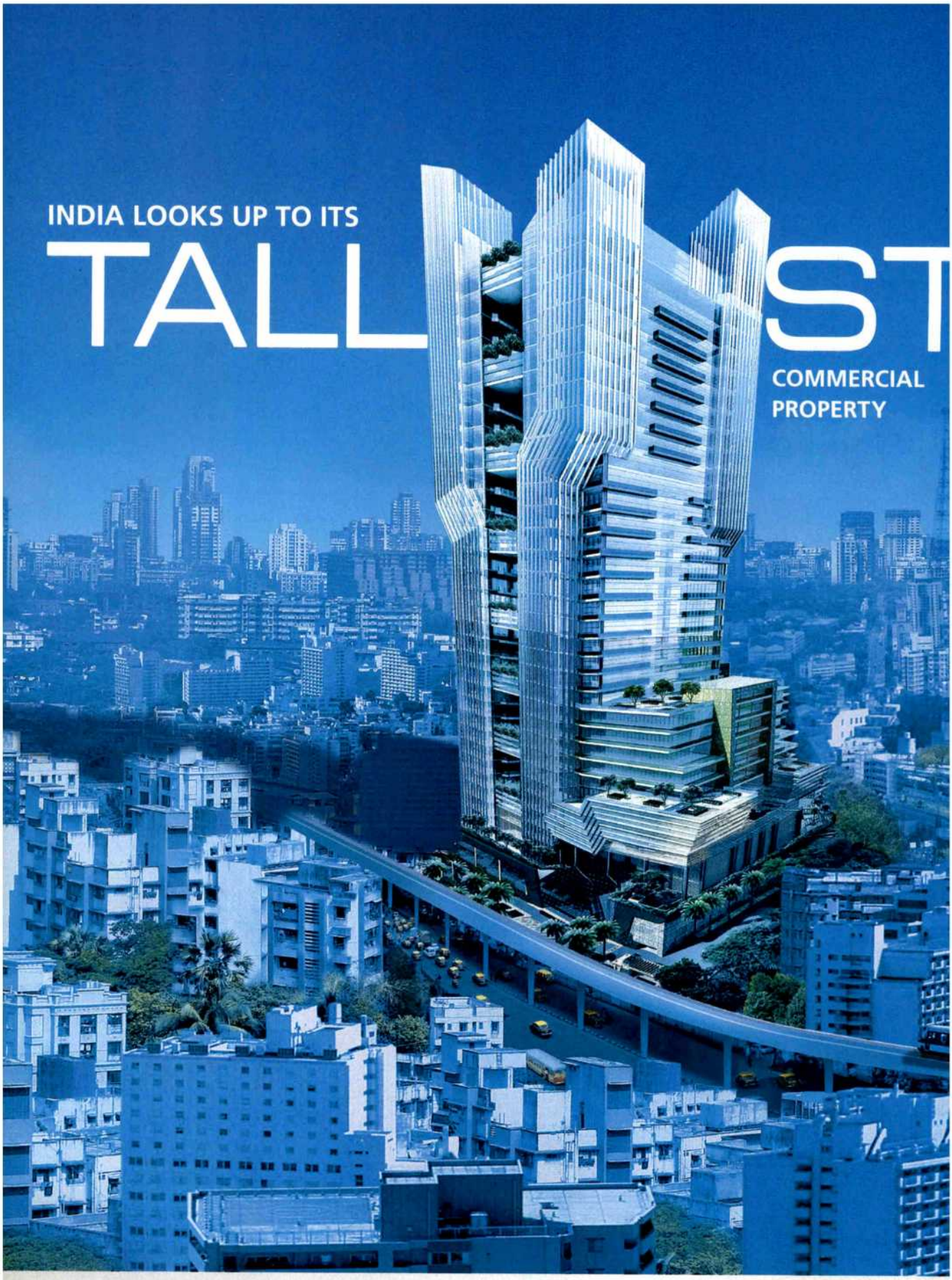
Mumbai: JW Marriott Tel 9820492943, Palladium Mall Tel 9892004507
Hyderabad: Taj Krishna Tel 9949094956
Bangalore: UB City Tel 9740361471



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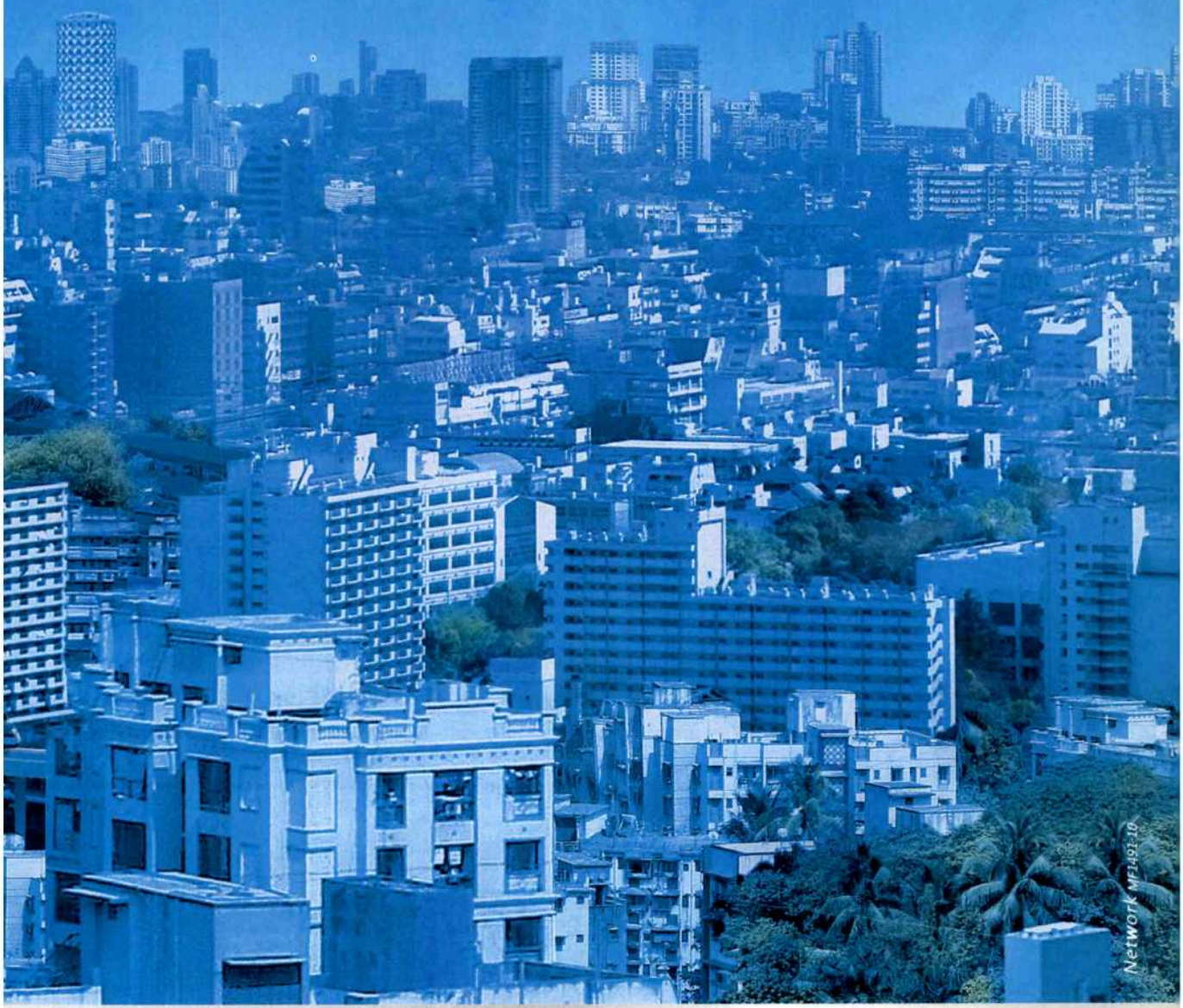

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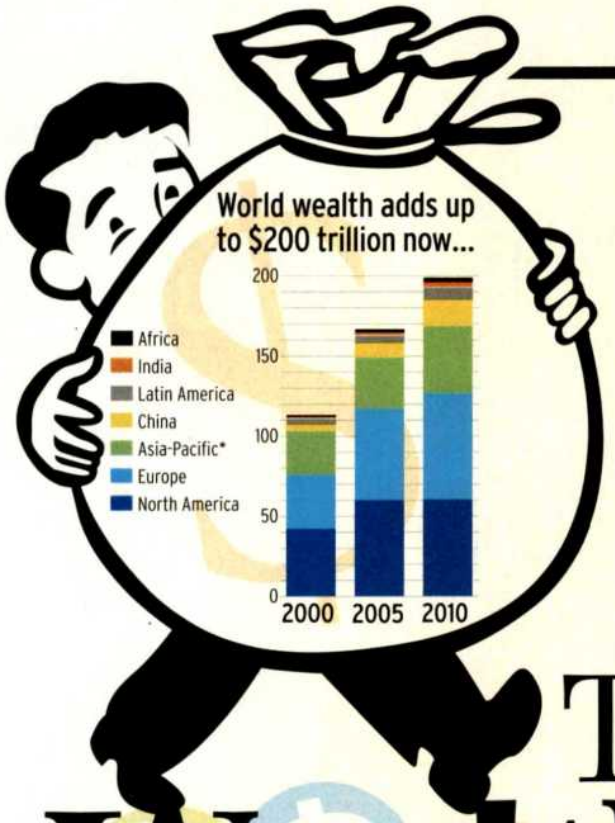
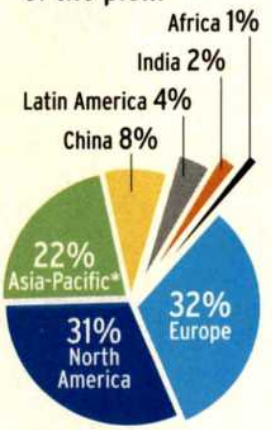
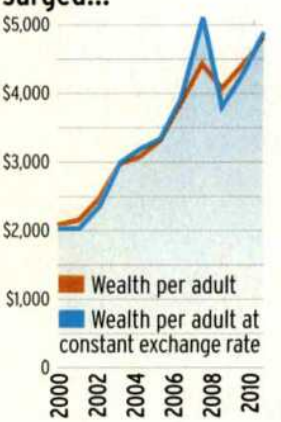


... but India has an insignificant share of the pie...



... and even though its wealth per capita has surged...



The Global Wealth Pool

The last decade was tumultuous for the global economy with several equity bear markets and the collapse of housing bubbles. Despite this, as a study by Credit Suisse reveals, the global pool of wealth has almost doubled in the period, driven by a resurgent Asia-Pacific and China. India did not do badly either, its wealth trebling to $3.5 trillion, but it still accounts for a minuscule share of global wealth.

5 STEPS TO HERE
THE SKS SPAT

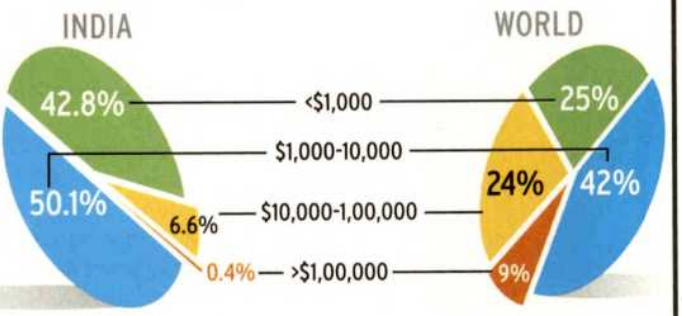
1

November 2008
Former Barclays retail banking head Suresh Gurumani joins SKS Microfinance as CEO.

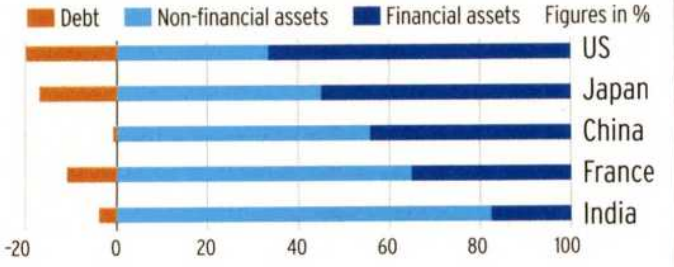
2

August 2010
SKS Microfinance lists on BSE and NSE, the first microfinance company to do so in India.

... the distribution of wealth in India reveals widespread poverty



Most Indians park their wealth in non-financial assets (usually property) showing low financial literacy



High net worth individuals by region

K.AVIJIT

BT Retro
(August 24, 2005)

Do VCs really Add Value?

THEN: Sometime back, a Delhi-based private equity investor described his business to this magazine as "legalised banditry". No doubt he was exaggerating for effect, but the point he was trying to drive home is by and large valid. And which is that, often, private equity investors (we have used VCs in the headline to loosely describe all long-term equity investors in this industry) do not put in enough effort to justify the kind of returns they end up making on their better deals. "VCs may pretend to add more value than they actually do," says Gaurav Dalmia, a Delhi-based investor. "Most do not and cannot add value."

Dalmia is being harsh. How much value a VC adds depends on a number of factors such as the nature of the fund, the stage of investment, nature of the business, the quality of management, and the management's own inclination. Take the case of erstwhile BFL Software. Originally promoted by Kolkata-based businessman Keshav Bangur, it was bought out (India's first such deal) by what was then ING Barings in March 1998. The two companies were merged, and Barings went on to create MphasiS BFL, which by March next year will have revenues of Rs 1,000 crore. It is already valued at more than Rs 2,100 crore. Says Rahul Bhasin, Baring Private Equity Partner India's Managing Partner: "I would like to believe that we have brought significant value to MphasiS BFL in a variety of areas, ranging from governance to changing management."

NOW: Total private equity investment in India, at $1.3 billion, has surged recently. Sales and profits of listed PE-backed companies, on an average, have grown faster than those of the Sensex and the Nifty stocks.

3

October 4, 2010
SKS's board sacks Gurumani and appoints Deputy CEO M.R. Rao as his successor.

4

October 8, 2010
The Andhra Pradesh High Court re-instates Gurumani to the SKS board, and restrains Rao from taking any major policy decision.

5

October 11, 2010
SKS Founder Vikram Akula cites "interpersonal issues" in the senior management as the reason for Gurumani's sacking.

T.V. MAHALINGAM

MONEY SHARMA

"Leaders Will Need to Be Team Builders"

Asia's new model of growth will require a new leadership style, believes **INDRANIL ROY,** *Managing Director (Leadership and Talent Consulting) for Asia Pacific at Korn/Ferry International, the world's largest executive search firm. On a recent visit to India, Roy spoke to* **BT's SAUMYA BHATTACHARYA.** *Edited excerpts:*

Asia's new growth model will be characterised by three shifts. The first will be in the consumer arena: from serving the western consumer with goods and services produced in Asia to understanding the emerging Asian consumer and serving local needs. The second will be in innovation. From building production capacity and delivering cost efficiencies to western brands and consumers to creating new products, services and brands for the emerging consumer. And the third will be the workforce shift, from the earlier ability to hire and retain a productive workforce skilled to deliver to specifications to the ability to hire, engage and nurture a creative talent pool skilled to deliver new ideas and solutions.

By 2025, 60 per cent of the middle class spending is likely to come from Asia. India and China are the biggest consumer markets. So, for companies that are producing goods and services for the consumer, 60 per cent of their sales will be generated in Asia. The companies need to understand how to succeed in this environment. They need to be able to rethink their product positioning and to innovate closer to the customer. This new model of growth will require a new set of leadership style.

The earlier phase of growth needed executors. So leaders adept at strategy and planning were in demand. The new styles of leadership will require energisers or social leadership with the ability to understand diversity, and integrators or leaders who can put teams together. In Asia, the place where you are most likely to find this talent is India. Even in India, though, if we look at senior talent pool, the immediate readiness is eight per cent. For China it is one per cent. That is Asia's leadership challenge.

"FLEXIBLE PRODUCTION LINES ARE OUR STRENGTH"

HARALD KRUEGER, *Member of the Board for Industrial Relations and Human Resources, BMW AG, was in India recently. He spoke to* BT'S KUSHAN MITRA *on how the company dealt with the economic meltdown.*

First, I have to say that demand has picked up this year. But we coped with the slowdown better than the competition because we have a very flexible working system. We have flexible hours for all our workers allowing us to add or subtract 300 hours in a year.

Overall sales were impacted last year, though there was still tremendous demand for our new small sports-utility vehicle, the X1. Thanks to our flexible production lines and partners on the work floor, we were able to meet the changing demand patterns. Earlier in the year, our partners worked less, and later in the year as demand picked up, they worked more. This was achieved with no monetary loss to the workers.

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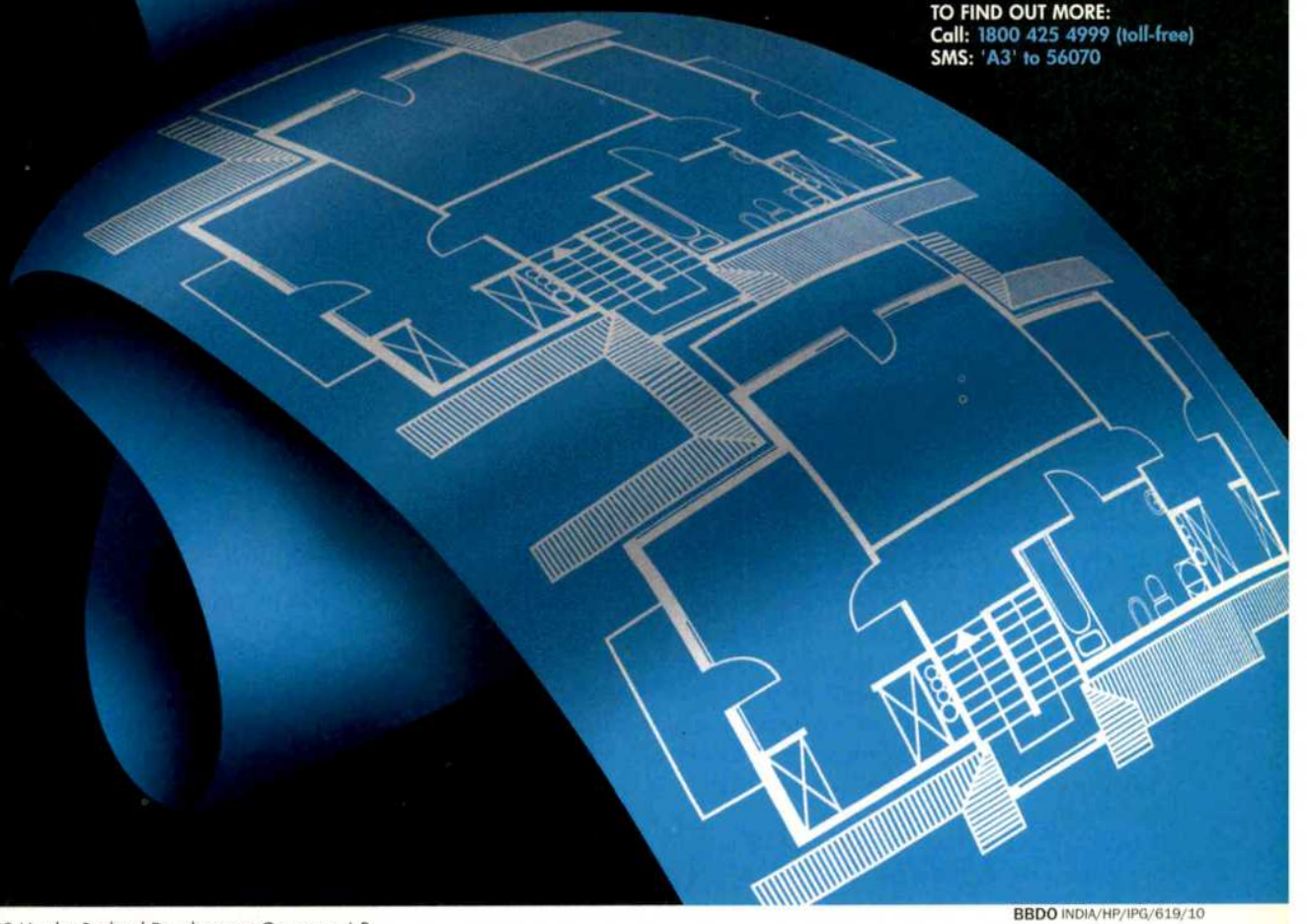

BBDO INDIA/HP/IPG/619/10

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HOW THINGS WORK

Cars Sans Drivers

Recently, Google's official blog declared that the company best-known for its search engine is now working on self-driving cars or driverless cars. Google says that these prototypes have clocked 4,20,000 kms, albeit accompanied by a trained safety driver and a software operator.

The Google cars "use video cameras, radar sensors and a laser range finder to 'see' other traffic, as well as detailed maps (which we collect using manually-driven vehicles) to navigate". Google is not the only one working on driverless cars. General Motors has prophesied that driverless cars could hit the roads by 2018. Sounds like a pipe dream? Not when you realise that a lot of the technology is already in place.

Take sensors. Sensors that monitor tyre pressure have been in place since 1986. BMW's Stop and Go technology in its high-end luxury cars monitors traffic and varies the vehicle's speed accordingly. The Benz S-class uses an infrared camera to provide night vision. Combine that with GPS and the driver in the white uniform is yesterday's news. The problem, though, is getting all these systems working together autonomously, and the price tag of such a car.

ILLUSTRATIONS BY KAPIL

COMPILED BY T.V. MAHALINGAM

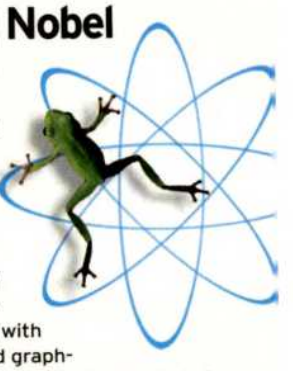
JUST WONDERING

In Quest of Buddha

Lore has it that Prince Siddhartha left his princely life behind at the age of 29. Six years later he attained enlightenment and became Buddha. The biopic on Buddha that industrialist B.K. Modi announced in 2006, seems to be taking as many years to make. The movie is based on the book *Old Path White Clouds* by renowned Vietnamese Buddhist monk Thich Nhat Hanh. It was budgeted at $120 million and, in Modi's own words, is an epic picture on the lines of "a *Lawrence of Arabia* meets *Gladiator*". Then, all went silent on the Buddha front for a few years. Earlier this year, director Ashutosh Gowariker was roped in for the project. Since then, there has been talk of differences between Modi and Gowariker and a subsequent patch-up. But, to see Buddha in a multiplex, you might have to wait a lot longer.

Quirky

The Frog Nobel



Most people have skeletons in their closets. But some have frogs, like 51-year-old Andre Geim, who won the Nobel in Physics this year. The Russian-born physicist won the prize for his work with a substance called graphene. What's the big deal? Like the Nobel Foundation puts it: "Imagine a sheet of material that is just one atom thick, yet super-strong, highly conductive, practically transparent and able to reveal new secrets of fundamental physics." But Geim is also the first person to win both the Nobel prize and the Ig Nobel prize. The Ig is like the razzies of the science world – and recognises bizarre scientific research. Back in 2001, Geim had won the Ig Nobel for, er, levitating a frog using magnets. Among this year's Ig Nobel award winners is a team of researchers from Bristol University who dug deep into the topic of how fruit bats prolonged copulation by indulging in oral sex.

Snoot Corner

Steiff Teddy Bears

So, you are a multimillionaire several times over. What do you do with your stash? Fast cars, caviar, a château in France, stables with prize horses, a stamp collection, teddy bears. Yes, last fortnight, a private collection of over 1,300 teddies fetched over £1 million at an auction in London. The collection belonged to disgraced hedge fund manager Paul Greenwood, who had pleaded guilty to charges of duping investors of $554 million in 2009. The costliest teddy went for a whopping Rs 3.93 crore. So, what's so special about these stuffed toys? These handmade toys were manufactured by German company Steiff, which has been in the business since 1880. Steiff toys can be distinguished from fakes by a stitched-in, metal button found in the ear of the toy which has the name Steiff written on it.

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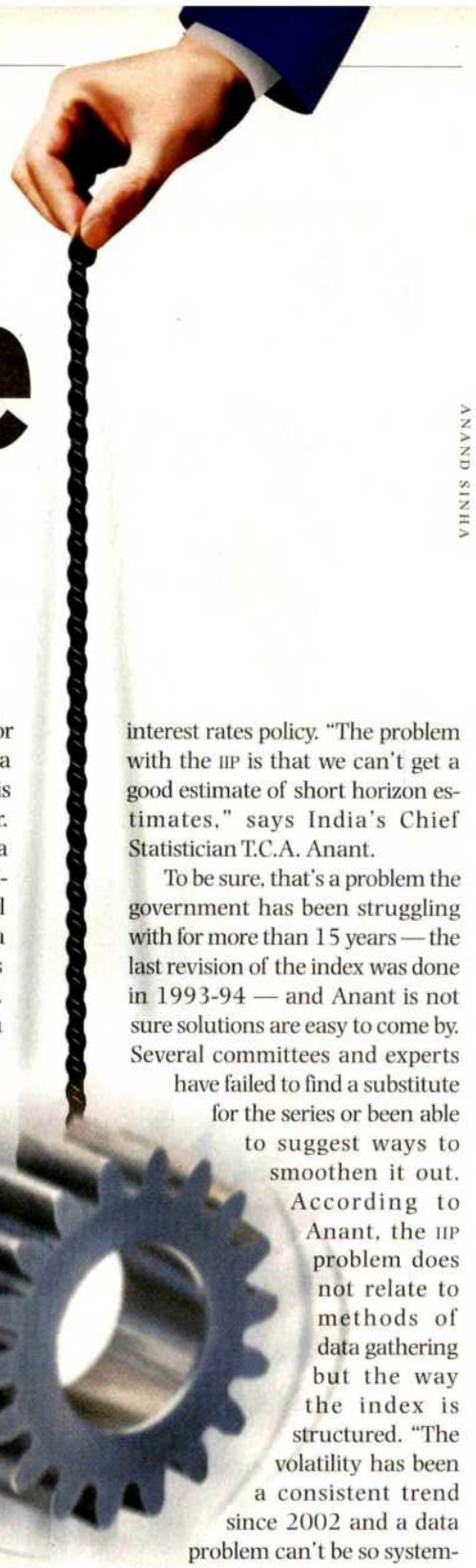
A Slow Quick Estimate



ANAND SINHA

An inelegantly constructed index results in big swings in the Index of Industrial Production, making it not the ideal basis for swift policy responses. **BY PUJA MEHRA**

Should alarm bells have gone off when it surfaced that manufacturing output in India grew at just 5.6 per cent in August after recording 15.2 per cent expansion the preceding month? Or, was it just a blip?

For Indian policy makers, fortunately, the situation is not alarming — a plot of industrial output data since 2002 reflects a steady uptrend, more so in recent years. The Index of Industrial Production, or IIP, data aggregated over April-August 2010 shows factory output grew 10.6 per cent over the same months of 2009 — nearly double the industrial growth in April-August 2009 over 2008.

But the bad news is that the IIP has time and again displayed a high degree of volatility making it difficult for mandarins to ready timely policy responses. Especially for the Reserve Bank of India that watches the IIP closely to see how manufacturing, which makes for 15 per cent of the GDP, is chugging along. As the central bank fretted in its September policy review, "... the high volatility in past two months raises some doubts about how effectively the index reflects the underlying momentum in the industrial sector."

Typically, provisional IIP data is released about six weeks late for each month (the August data was out on October 12) and is updated about four weeks later. Often, the final data shows a marked variation from provisional data. The July IIP final estimate, for instance, was a full two percentage points more than the quick estimate. But that's only a small reason why things get hairy.

The bigger problem is that depending on IIP data for quick monetary decisions, well, is not advisable. The whole idea of having a quick estimate series such as the IIP is to pick up early signals from the ground for remedial policy action. But high volatility forces policy makers to pussyfoot on decisions for a couple of quarters until they can be reasonably confident of the underlying trend, which in turn defeats the purpose of having a quick estimate. Imagine the RBI having to wait for months for a reliable trend to emerge from IIP data before it can decide on interest rates policy. "The problem with the IIP is that we can't get a good estimate of short horizon estimates," says India's Chief Statistician T.C.A. Anant.

To be sure, that's a problem the government has been struggling with for more than 15 years — the last revision of the index was done in 1993-94 — and Anant is not sure solutions are easy to come by. Several committees and experts have failed to find a substitute for the series or been able to suggest ways to smoothen it out. According to Anant, the IIP problem does not relate to methods of data gathering but the way the index is structured. "The volatility has been a consistent trend since 2002 and a data problem can't be so systematic," explains Anant.

Primary among the inherent limitations of the IIP is that it captures trends of a fixed basket of products. It does not capture new products in the market or entry and exit of producers. So, say five companies

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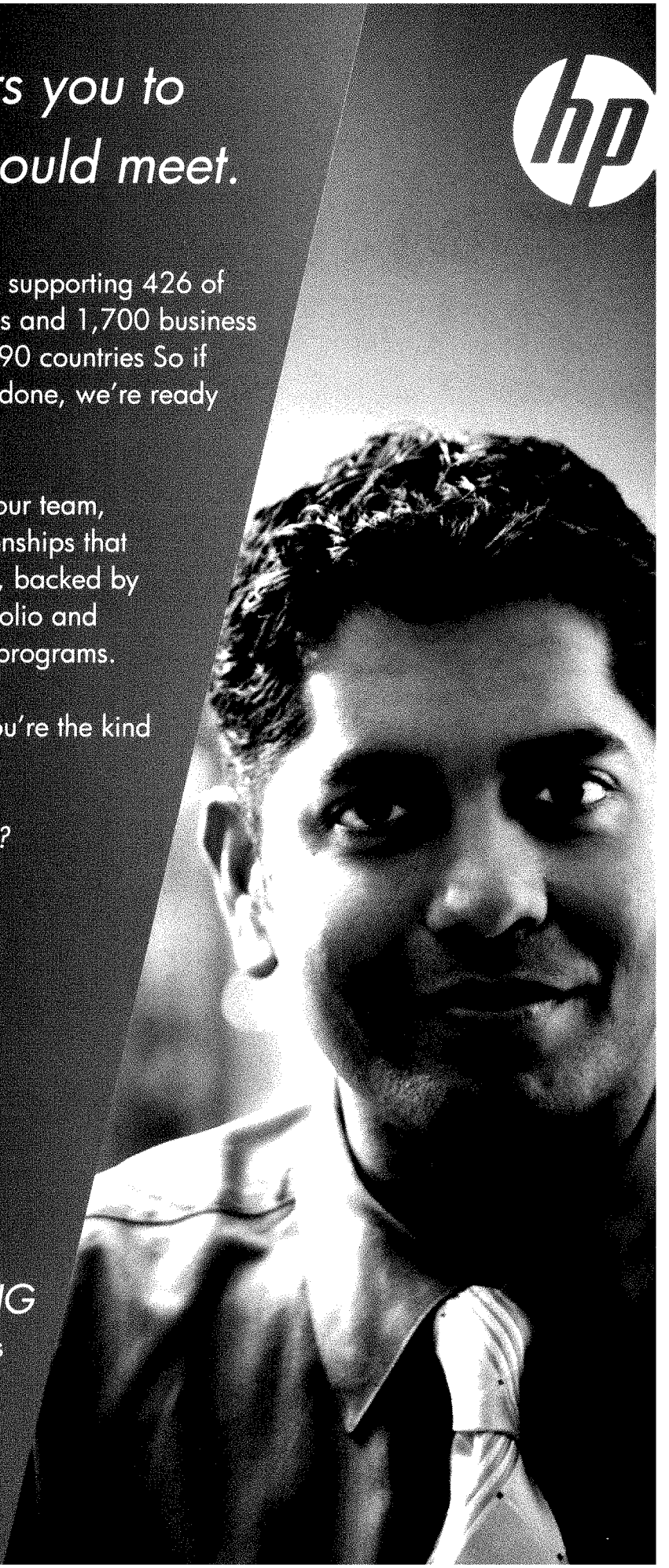

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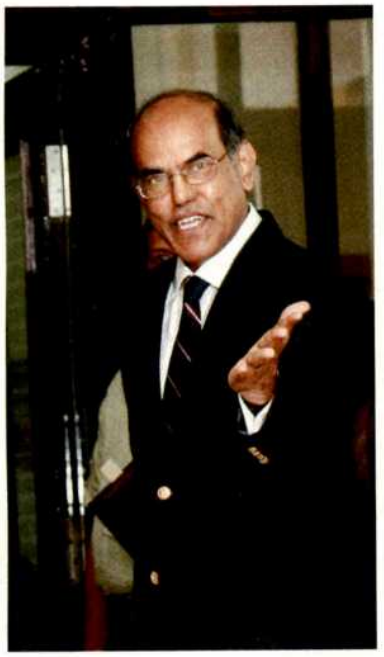


SHEKHAR GHOSH

D. SUBBARAO Governor, Reserve Bank of India

"High volatility in industrial production over the last two months does raise doubts about how effectively the index captures underlying momentum"

—RBI in its September monetary policy review

produce a good and a new company comes into this market. This will make the output volatile owing to increased production by the new company but also due to the response of the older ones. Or, there could be variation in demand and output of a product as a result of an ad campaign. But the IIP is structured in a way that it cannot correct for the volatility arising out of such normal market behaviour.

Then, the long gaps in revising the basket of products it monitors does not help IIP's case. So, there are products like typewriters and black and white televisions still tracked by the index. Or, something like mobile phones — at least 100 million are manufactured a year — has not been assigned adequate weightage.

Of the various industries that the IIP data captures, the output of capital goods has contributed maximum volatility over the last couple of months to the IIP. Growth in output of Machinery and Equipment goods decelerated to 0.4 per cent in August 2010 over the same month of the previous year. The growth in July was much higher at 57 per cent over July 2009. A simple explanation for the volatility in this product group is that capital goods makers are likely to be sensitive to some corporate accounting practices and tax payments-related concerns among clients guiding production decisions. So the lumpiness in production of capital goods could be traced to accounting and reporting practices of companies or inventory management.

The trend in a large conglomerate like the aluminium-to-viscose fibre Aditya Birla Group seems to confirm this. "In the Aditya Birla group, capital expenditure is very robust and the outlook very positive. But the expenditure does tend to be lumpy as there are global tenders involved, orders have to be placed and the nature of these goods makes the expenditure chunky," explains Ajit Ranade, Head of the Corporate Economic Cell at the group. But such lumpiness should get averaged out in a well-constructed index, says Anant, owing to various companies exhibiting such trends. The weakness of the IIP is that the averaging in the capital goods category does not smoothen out the series.

Can Anant fix an index that no one has been able to for long years? One idea the country's chief statistician is toying with is alternatives that work as a quick indicator for industrial growth. These could substitute or read in tandem with the IIP. One such quick estimate that he may use as a proxy for industrial growth is a new quick turnaround short term survey that the Labour Ministry is experimenting with for employment projections. He is also examining if data on tax collections disaggregated in a certain way can be used to serve the purpose of making short horizon projections on industrial growth. But, as he embarks on the exercise, of one thing he can be sure: there is unlikely to be a quick fix to the problem. ◆

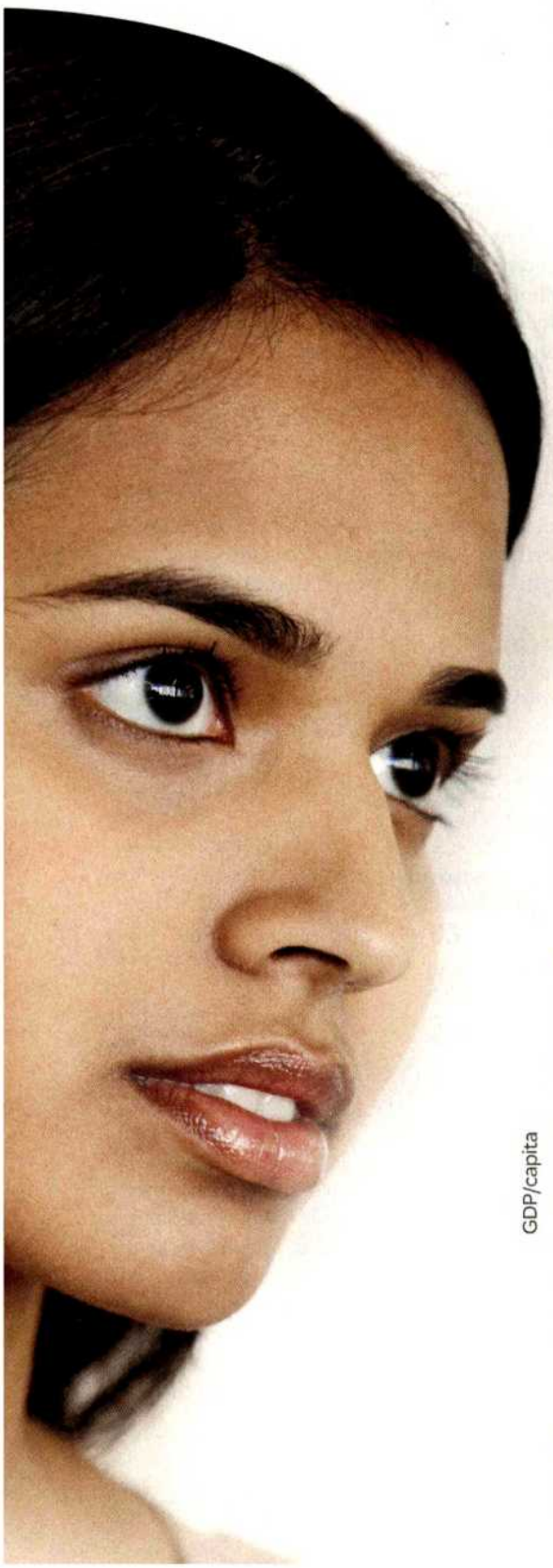
THE YO-YO INDEX

The volatility in the index for industrial output reflects lumpiness in output of capital goods.

	Jun	Jul	Aug
Mining	8.5	9.9	7.0
Manufacturing	5.8	16.7	5.9
Electricity	3.5	3.7	1.0
Basic goods	3.1	5.2	3.7
Capital goods	-0.3	72.0	-2.6
Intermediate gds	8.9	9.2	10.0
Consumer gds	8.5	7.8	6.9
Durables	27.8	23.7	26.5
Non-durables	1.5	1.4	-1.2
General	5.8	15.2	5.6

Figures are YoY growth in industrial production in % Source: CSO

A watt saved



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While new communications technologies are making our world smaller and our personal lives richer, it is easy to forget that energy spurring progress is not available to billions of our planet's inhabitants. This population does not fixate on status updates, RSS feeds, or texting while driving, as there are few personal cars to drive, and rarely a network to text to. There is only a daily struggle to eat, develop their families, and improve their lives… without any meaningful access to energy and all of its benefits.

Meanwhile, dependence on carbon-based economic growth is driving the most climate pressure exactly on those benefiting least from new technologies. If the electric utility system is one of mankind's most significant engineering achievements to date, creating a new and sustainable energy model needs to be our next triumph, and it cannot come soon enough.

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So while we text, Tweet, and find friends like never before, let's not forget that the planet's energy system is a closed loop. When coal dug in South Africa drives energy consumption in China to make goods for Europe, resulting in particulate emissions over Los Angeles, we are clearly all connected in one energy system. Therefore, a new approach to energy is a new approach to our progress as a race. Spend less today. Share more tomorrow.

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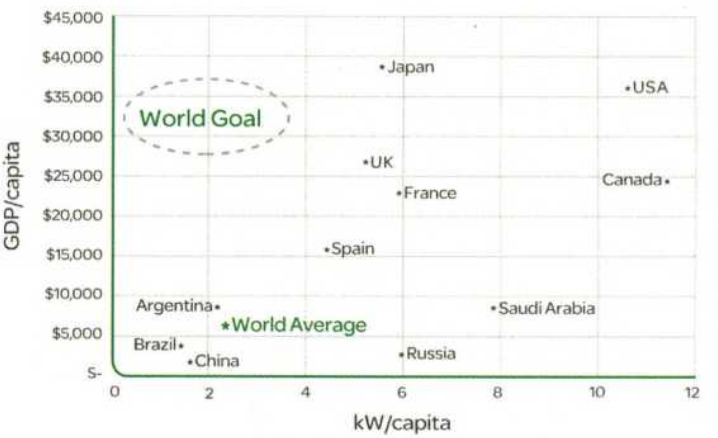

Source: Key World Energy Statistics from the International Energy Agency, 2008. Author: Frank van Mierlo

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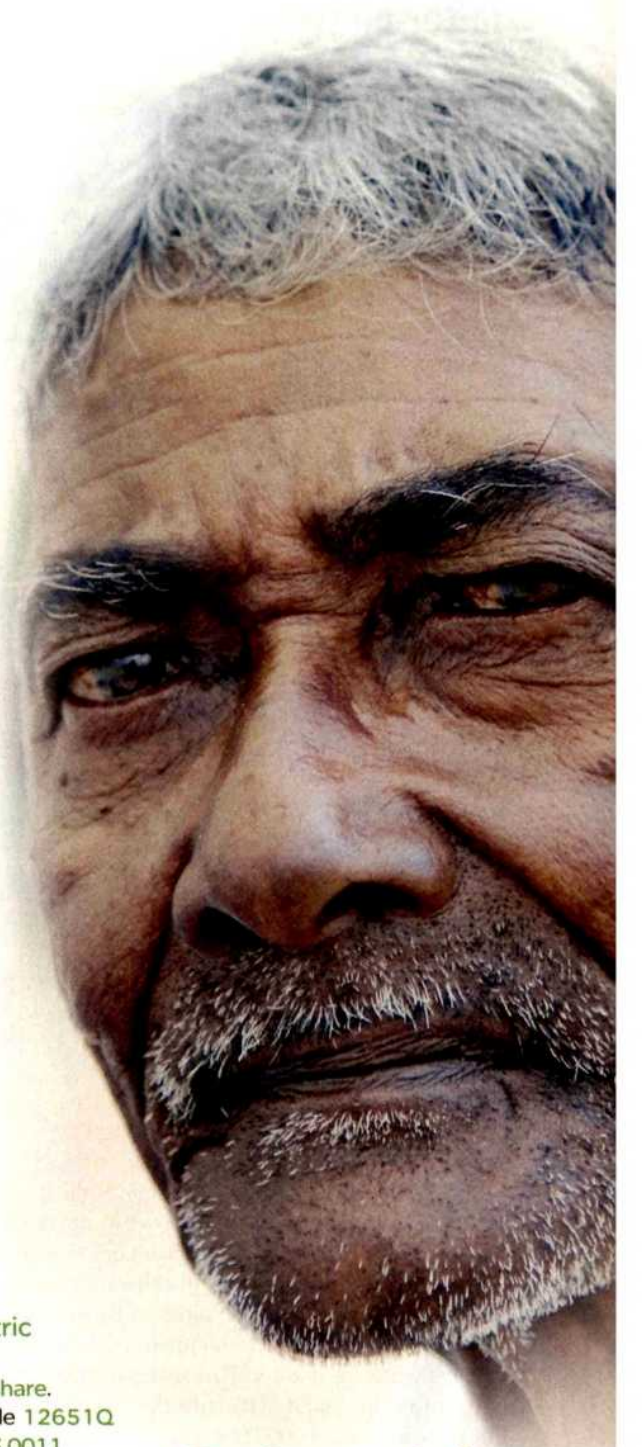

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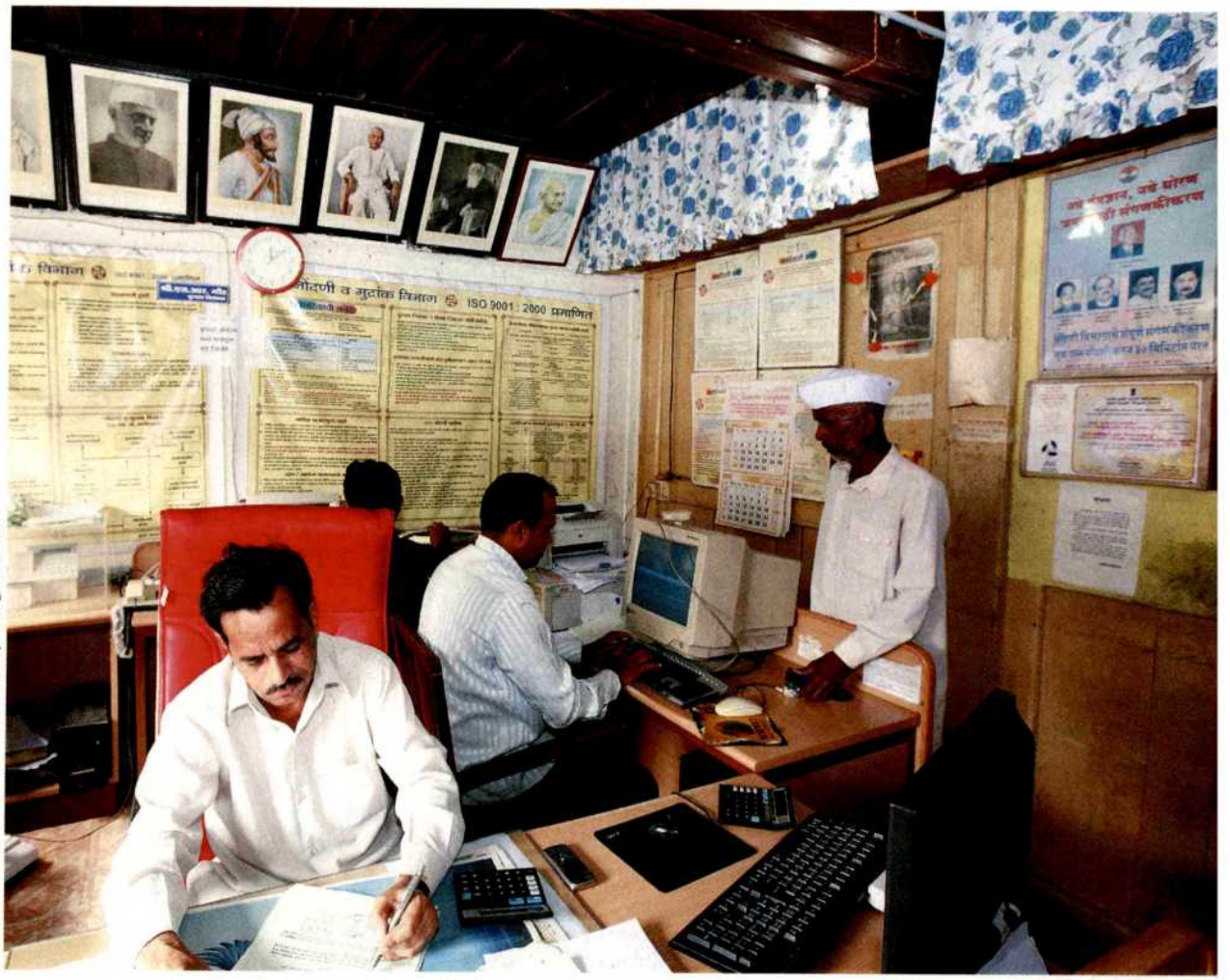
Innovation Rules

Village entrepreneurs thrive as governments falter on the digital promise. BY PUJA MEHRA



NISHIKANT GAMRE/www.indiatodayimages.com

A Common Service Centre, or CSC, kiosk in Bhor Tehsil, Pune district

Curtains partition the small room to give some privacy to the prayer corner from villagers who drop in for business. Two personal computers and a printer-cum-photocopier are the only assets in the otherwise bare room in Patna Buzurg, and the only ones within a five-kilometre radius. The buffalo bellowing outside is among the scores owned by villagers.

Santosh Prajapati, who runs the "computer shop" in Patna Buzurg, PIN 470228, a sleepy village of soya growers located a six-hour drive from Madhya Pradesh's capital Bhopal, is disbursing scholarship money to Class X student Devki. Prajapati is a business correspondent of State Bank of India, or SBI, and Devki has come to draw the money that the government credits to her account with the bank.

A black-and-white printout on the wall says in Hindi: "Price of photocopies using the inverter: Rs 3". Posters singing the virtues of mobile phones, bank accounts, insurance policies and college campuses jostle for space on the bright green walls with portraits of Mahatma Gandhi, Jawaharlal Nehru and Lord Shiva.

The only graduate in a family of farmers, Prajapati is a multitasking machine. He sells digital pictures, prints wedding cards, makes photocopies, plays postman using his own Gmail account to send and receive e-mails for villagers, sells Internet time to schoolchildren looking for games and Bollywood songs, books railway tickets, recharges prepaid mobile phones, and even pays insurance premiums.

He makes about Rs 100-150 a day from the printer-cum-photocopier (his only rival is a five-kilometre bus ride away), and Rs 15,000 a month from the Internet facility.

"Most youngsters in the village want to learn the basics of using a computer, which they believe can be their window to the world and ticket to employability," says Prajapati, looking ahead. So, next on the cards: a computer training centre just like the one where he picked up his tech skills in Bhopal.

B. Chand Rai, 24, an economics teacher in the local school, says: "Everyone in Patna Buzurg wants to be with it — this is the computer *yug*." Rai earns Rs 4,500 a month and spends a couple of hours every other day at Prajapati's shop searching for better-paying jobs.

Prajapati's shop is flourishing because of Patna Buzurg's fascination with the Internet, but it is supposed to be a Common Service Centre. CSCs are kiosks planned by the UPA government to take governance to rural India. Villagers in many states have to walk miles to get simple documents such as birth certificates and cards identifying their BPL, or below the poverty line, status. To deliver governance at their doorstep, the government plans to roll out a quarter of a million CSCs over the next two years under the National e-Governance Plan, or NeGP. The government expects that, by 2012, it will be able to deliver all documents — from digital land records and birth certificates to ration and BPL cards — from these kiosks, saving villagers a day wasted in travelling to the district headquarters.

About 83,569 CSCs are already operational — mostly as kiosks of the sort run by Prajapati. The CSCs have failed to deliver their mandate because very few state governments have computerised their records and back end or rolled out the services.

"The government services that the CSCs promise to offer are unlikely to become accessible before another three to four years," says Santosh Choubey of AISECT, an agency contracted by the Madhya Pradesh government to roll out the CSCs and select entrepreneurs to own and run them. "The sustainability of the CSCs depends largely on the potential of village entrepreneurs to tap the market for non-government services."

MCA21

BEFORE: It used to take 60 days to register a balance sheet or annual return, and at least 15 days to incorporate a company

THE PROBLEM: Some 3.5 lakh representatives of six lakh registered companies queued up at the Registrar of Companies (RoCs) at 52 locations. Going through the 50 crore sheets of paper filed annually for fraud detection was impossible. Inspection rate was a low 0.1 per cent

AFTER: Documents can be filed, routine fees paid online anytime from anywhere on MCA21. RoC workflow remodelled. Elimination of human interface has reduced scope for corruption. For a small fee, anyone can view these records online – 1.6 million records accessed so far. Early warning systems for fraud detection are a distinct possibility now

LAND RECORDS ONLINE

BEFORE: All land records were kept in paper form for hundreds of years. It was difficult to track ownership changes

THE PROBLEM: The system was a legacy of the Raj

AFTER: Titling or government guarantee for ownership of land becomes possible. Right now, the deed for a piece of land in India merely certifies its possession

Mission Mode

When completed, the CSC network, one of the 27 mission-mode projects of the NeGP of the UPA government announced in 2006, will create an infrastructure reaching into the remotest village to make records available over the Internet. "Out of the 27 mission mode projects, six have been completed to a significant extent, 14 are already delivering services and all the 27 are expected to deliver services before 2014," R. Chandrashekhar, the Information Technology Secretary, had told a conference in Hyderabad recently.

In theory, the NeGP is all about reinventing governance. In practice, it is merely computerising babudom.

Sam Pitroda, Chairman of the National Knowledge Commission, or NKC, and the architect of the project, says: "The approach is largely to computerise the systems the Raj left behind." (see *No Change in Governance Structure.*)

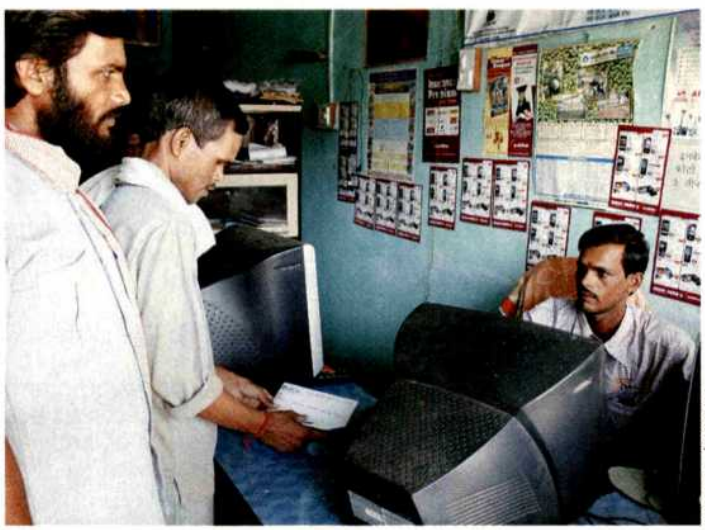
Take e-filing of taxes. Even though most of the

services for the four crore assessees have now been made online — from filing of income tax returns to intimations with regard to assessments — the system and work flow remain unchanged. The same has happened in processes such as getting a passport or a driving licence.

Haryana Chief Minister Bhupinder Singh Hooda told *BT* recently: "We have been not able to achieve what we would have liked to in e-governance." Haryana — home to Gurgaon, which has a reputation second only to Bangalore for the density of businesses based on IT — is yet to create a specialised cadre to manage e-governance requirements.

"We still haven't taken up e-governance and broadband penetration on a war footing," says Cabinet Secretary K.M. Chandrasekhar, who has been reviewing the progress of the mission mode projects with Pitroda and Nandan Nilekani.

There are infrastructure problems — not all villages are linked to the Internet and many have power cuts — but these are being overcome. The real problem is lack of coordination and standardisation. Agencies such as AISECT feel that New Delhi does not go beyond the monitoring of targets to tweak the project to suit local realities. For instance, the government must ensure that government-to-consumer, or G2C, services are available or give the CSC entrepreneurs other sources of income.



PANKAJ TIWARI

Multitasking machine: Santosh Prajapati (R) in his computer shop

Enterprise Unlimited

The only government to citizen, or G2C, services available at Patna Buzurg through Prajapati's shop are those present on the state government's website, MPOnline, such as forms for admission to various colleges and courses and the results of exams and payment of electricity, telephone and water bills.

Soon, MPOnline is to be connected with its e-district initiative that will bring to Prajapati's CSC 44 more G2C services. One of these includes making available authenticated copies of land records such as *khasras*. Villagers will be able to send online requests, and track and even get documents.

The real benefit to Patna Buzurg — and Prajapati's main income — comes from the SBI tie-up. Prajapati is already servicing 200 no-frills accounts for SBI, giving printouts for each transaction. The bank has put Prajapati in charge of wage payouts to nearly 1,000 beneficiaries under the government's rural employment guarantee programme, and wants him to handle all the 20,000 accounts in the area. In September, Prajapati did transactions worth Rs 3 lakh for SBI.

Some of the projects expected to pick up speed will ensure that subsidised goods such as food grains reach their intended beneficiaries. Chhattisgarh is running a pilot project that monitors food grain right from the 1,532 procurement centres to its sale to 3.7 million ration card holders covered by 10,416 points of distribution. This year, nearly 780,000 farmers who sold foodgrain to the government got their computer-generated cheques without any delay. At the other end, as soon as trucks carrying foodgrain set out for PDS shops, citizens are alerted through SMSes.

For now, the success of the e-governance programme depends on rural India's entrepreneurship and enthusiasm for technology rather than policy.

Patna Buzurg is not an outlier. AISECT had set up a thousand computer training centres in Tier-II and Tier III towns across India between 1985 and 2000. Over the next eight years, it opened 8,000 centres to meet burgeoning demand. For those flocking to these centres, computer skills add to employability. The enormous requirement of data entry at government offices as part of the various e-governance projects is generating jobs, as are private companies that are venturing into rural markets.

Cadastral maps are being digitised, land surveys have to be conducted, records and documents of companies across 52 offices of the Registrar of Companies, or ROCs, have been placed online. There is a possibility that a by-product of the e-governance projects could be skilling of India's much hyped-demographic dividend. With a little policy push, they could deliver for rural India what Y2K had done, in a smaller measure, in the year 2000 for Bangalore and Hyderabad. ◆

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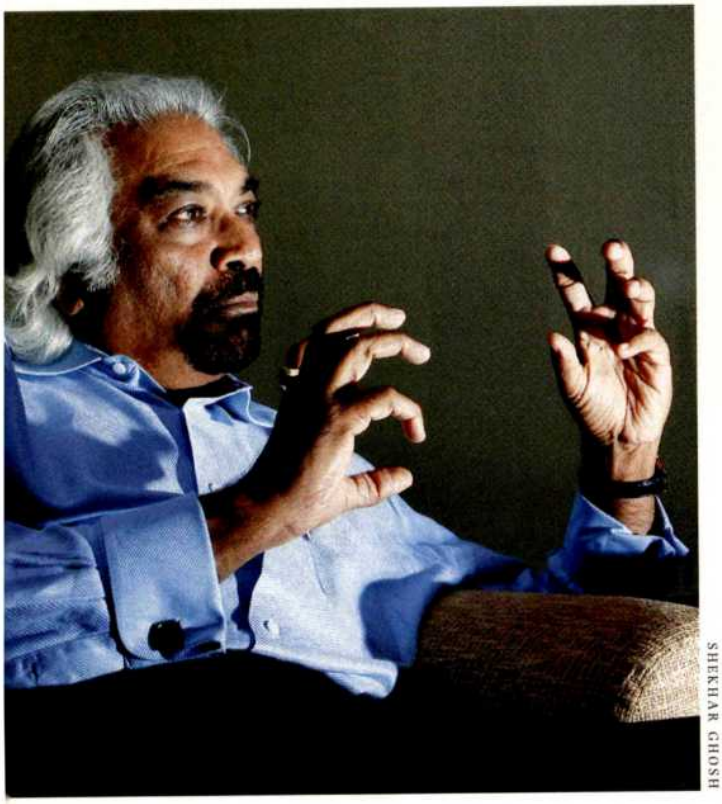


SHEKHAR GHOSH

'No Change in Governance Structure'

In 2006, the National Knowledge Commission, or NKC, had said in its report to Prime Minister **MANMOHAN SINGH** *that e-governance is more about an opportunity for administrative reforms than about creating an information technology infrastructure. But, in the four years since then, the government has pursued e-governance exactly as it was told not to, the Commission's Chairman* **SAM PITRODA** *tells* **BT'S PUJA MEHRA** *in an exclusive interview. Edited excerpts:*

How is the government implementing the recommendations of the Knowledge Commission?

Lots of things are happening and lots are not happening, though they are spending lots of money. I find the approach is largely to computerise the systems the Raj left behind. I had recommended they should re-engineer the government processes first. This is the first time a nation of a billion will be connected. It is worthwhile to think through a new way of doing things. In whatever they are doing, standardisation is nowhere in sight. Most states are focusing their efforts on buying hardware and software but without much understanding of scalability and need for mandatory standards. They are busy creating their own verticals. It is also leading to a lot of duplication and waste of resources.

So, what mid-course corrections are needed?

At multiple levels. First, rethink the organisation structure and bring in CIOs (chief information officers). Second, start setting standards. NIC is the nodal agency. You have to let them function. This work cannot be outsourced. It has to be done by the government.

Why is standardisation so important?

Standardisation is important for democratisation of information. A police report from Kerala, for instance, is not readable in Gujarat — and I am not talking about the language. Why should documents such as birth or death certificates be different across states?

Compared to 25 years ago, people want to use technology. There will be millions of phones. Broadband infrastructure will connect 2.5 lakh panchayats. Fibre optics will network 2,500 municipalities. All this will be the platform on which we can do anything. Five years ago, we didn't know the number of courts in this country and today every panchayat is mapped. But ...we are not putting in place a super architecture to take advantage of commonalities. The geographical information system, or GIS, will need a nationwide platform.

How can standardisation be achieved?

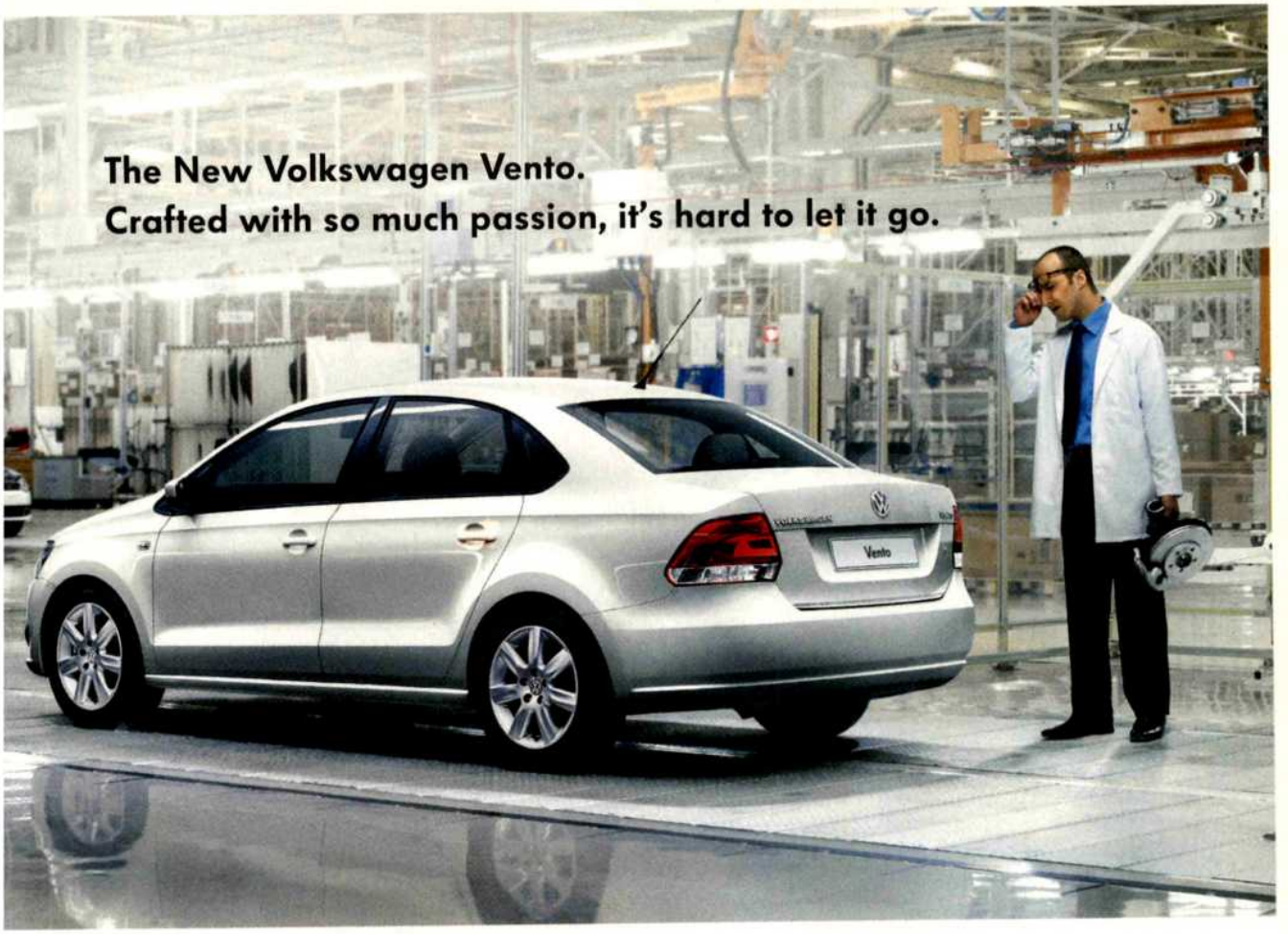
Each government department ought to have a Chief Information Officer. The government needs a Chief Information Technology Officer — someone as important as the Cabinet Secretary, not just an appointee reporting to a joint secretary.

Has the government not accepted your recommendations on having a parallel cadre of these officers?

They didn't say they haven't accepted the recommendation but I don't see them doing it either. If a small company with 20 people can have a CIO, how can the government do without one? They have to understand that CIOs can't be IAS officers but have to be domain experts. Something like the law officers they have in each department.

So the direction of the progress so far isn't along your recommendations. Is its pace satisfactory?

The National Knowledge Network (of all schools, universities and research and development, or R&D, centres) is expected to be up in 18 months but GIS will take two-and-a-half to three years. Then, 2.5 lakh panchayats will be connected in 24 months. Without broadband and power supply, nothing can be achieved. To speed up the progress, I have suggested they have special purpose vehicles, or SPVs. ◆



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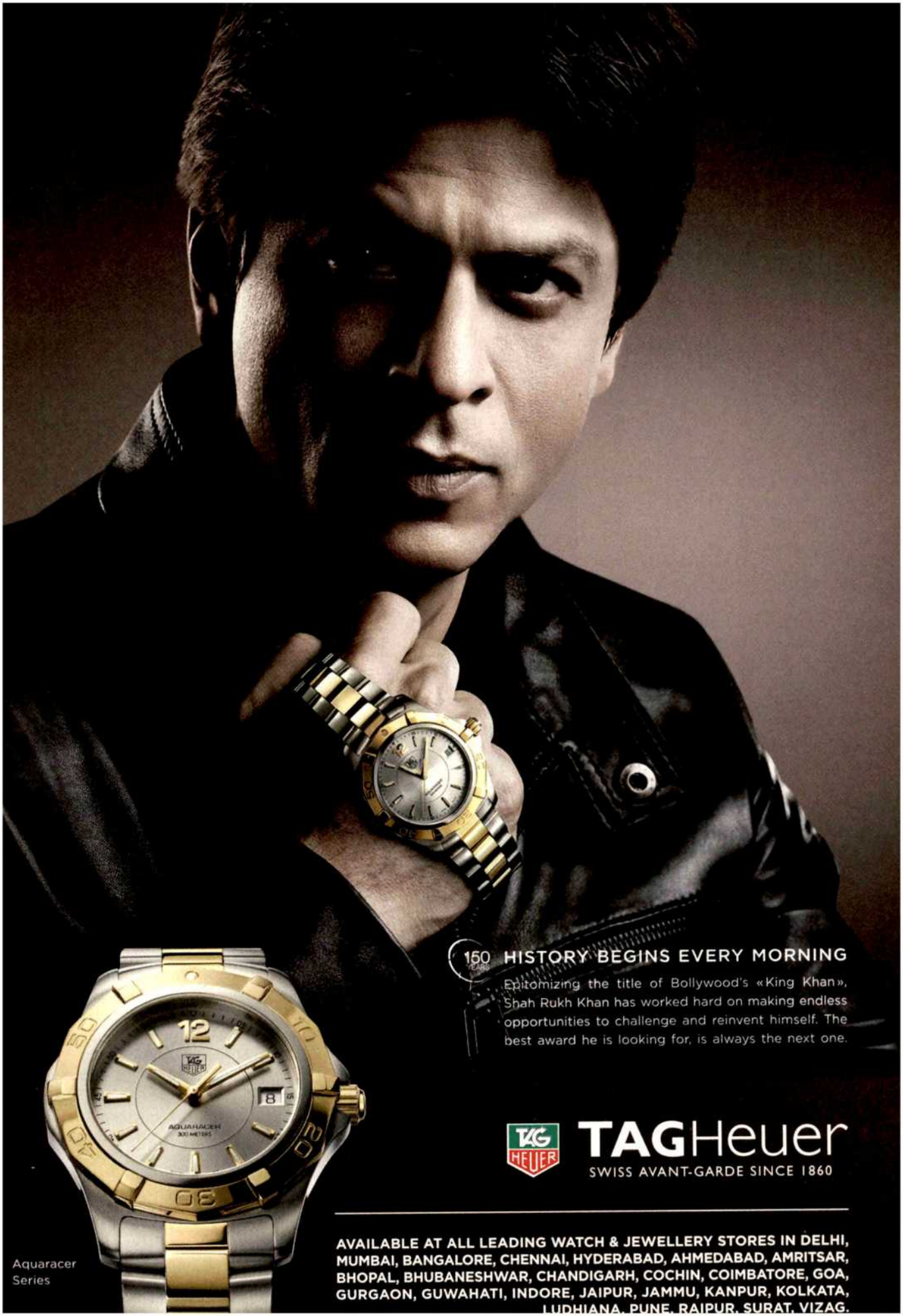
Apphelp's Founder Sulabh Mangal (C): Mentoring the MBA aspirants

Handholding the Hopefuls

Admission consultants are becoming popular in India among MBA aspirants. BY ANUSHA SUBRAMANIAN

In 2009, while working as a product development professional with Adobe Systems in Delhi, Ankur Seth sought admission to several top flight MBA institutes but failed. "The quality of my applications was poor. I was not able to articulate my achievements well," says Seth, a B.Tech from ITBHU. He then turned to Apphelp, an admission consultancy firm, for help. Apphelp first identified schools that met Seth's requirements and then guided him through the entire application process, besides coaching him for the interviews. He applied to two foreign schools and was selected by one — Duke University's Fuqua School of Business.

Seth is part of a growing tribe of MBA aspirants that is seeking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professional help to get into the best business schools. The intense competition for admission to the Indian Institutes of Management, or IIMs, and Ivy League schools abroad is forcing aspirants to search for that edge over their rivals.

MBA admission consultancy is already a flourishing business in the United States, with several established names such as Stacy Blackman, Clear Admit, Kaplan Inc. and The MBA Exchange. In India, this is a relatively new phenomenon and there are just two big names —Apphelp, launched in April 2008, and The MBA Exchange, which came to India a year later. "Over 20 per cent of the applicants to top-tier schools globally engage a professional advisor," says Daniel Bauer, Founder and MD of The MBA Exchange, and an alumnus of the Harvard Business School.

These consultancy firms are managed by MBA graduates. All the consultants of The MBA Exchange in the US, for instance, are Harvard graduates. Similarly, Apphelp's staff has several MBAs from the Indian School of Business, Hyderabad, and the IIMs. These consultants, though, prefer to assist candidates with work experience and a CAT or a GMAT score to get into the regular programmes or the one-year executive MBA courses offered by leading Indian and foreign institutes. Says Sulabh Mangal, Founder of Apphelp: "Students are aspiring for the top B-schools globally."

The consultants assess the aspirants and give suggestions on how they can strengthen the personal, academic and professional aspects of their résumé and application. To begin with, the consultants shortlist the best B-schools for a candidate based on his or her CAT or GMAT score, work experience and the preferred stream of specialisation — finance, marketing or human resources. After the application process, the candidates are assigned a full-time consultant. "Many do not realise that along with their professional achievements it is also important to highlight their personal and academic achievements well," says Bauer.

The services of these consultants do not come cheap. At Apphelp, the cost of applying to a single school is Rs 9,000. The MBA Exchange charges nearly Rs 40,000 per application. A four-school application with comprehensive consultation could cost an applicant anywhere between Rs 2.5 lakh and Rs 3 lakh. But these consultancies say that their record justifies the steep fees.

Apphelp has in the last one year advised 400 students, of whom around 150 have secured admission to some of the best B-schools such as IIM Ahmedabad, ISB, France's INSEAD and the Harvard Business School. Apphelp also has one dedicated site, goisb.com, which has more than 2,000 registered users. This year Apphelp expects to advise at least 600 aspirants. The MBA Exchange has advised over 150 students and claims that 90 per cent of them have gone to B-schools such as Harvard, Stanford and Wharton.

Telephony and the Internet are the soul of this business. Most consulting happens over the phone, e-mail or through Internet chat. Personal interaction is limited and only happens if the applicant and consultants are geographically close. Apphelp and The MBA Exchange do not advertise their services in the media. Web searches and client referrals bring them the desired volumes, they say. "Applicants across Asia, who might otherwise be unaware of the value we offer, can interact with us by a single click," says Deepak Punwani, a consultant with The MBA Exchange who has MBAs from Mumbai's Jamnalal Bajaj Institute of Management Studies and INSEAD.

According to The MBA Exchange, less than 10 per cent of the applicants to the world's top B-schools manage to secure admissions. That is serious competition for the aspirants and a big opportunity for the consultants. ◆

Deepak Punwani of The MBA Exchange: Showing the way

UMESH GOSWAMI

How It Works

- Students can enlist with a consultant a year before the admission cycle
- Candidate must have work experience and a valid GMAT score
- Consultants evaluate a candidate's profile and suggest ways to improve the resumé
- Candidates are coached on all aspects of the application process — resumé writing, essays and interview

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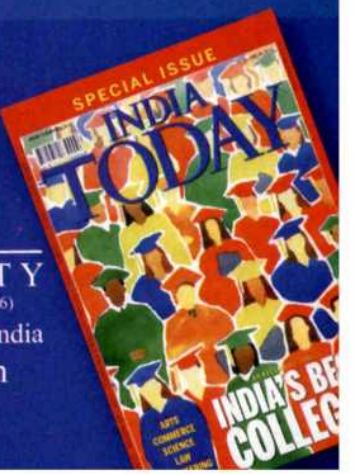

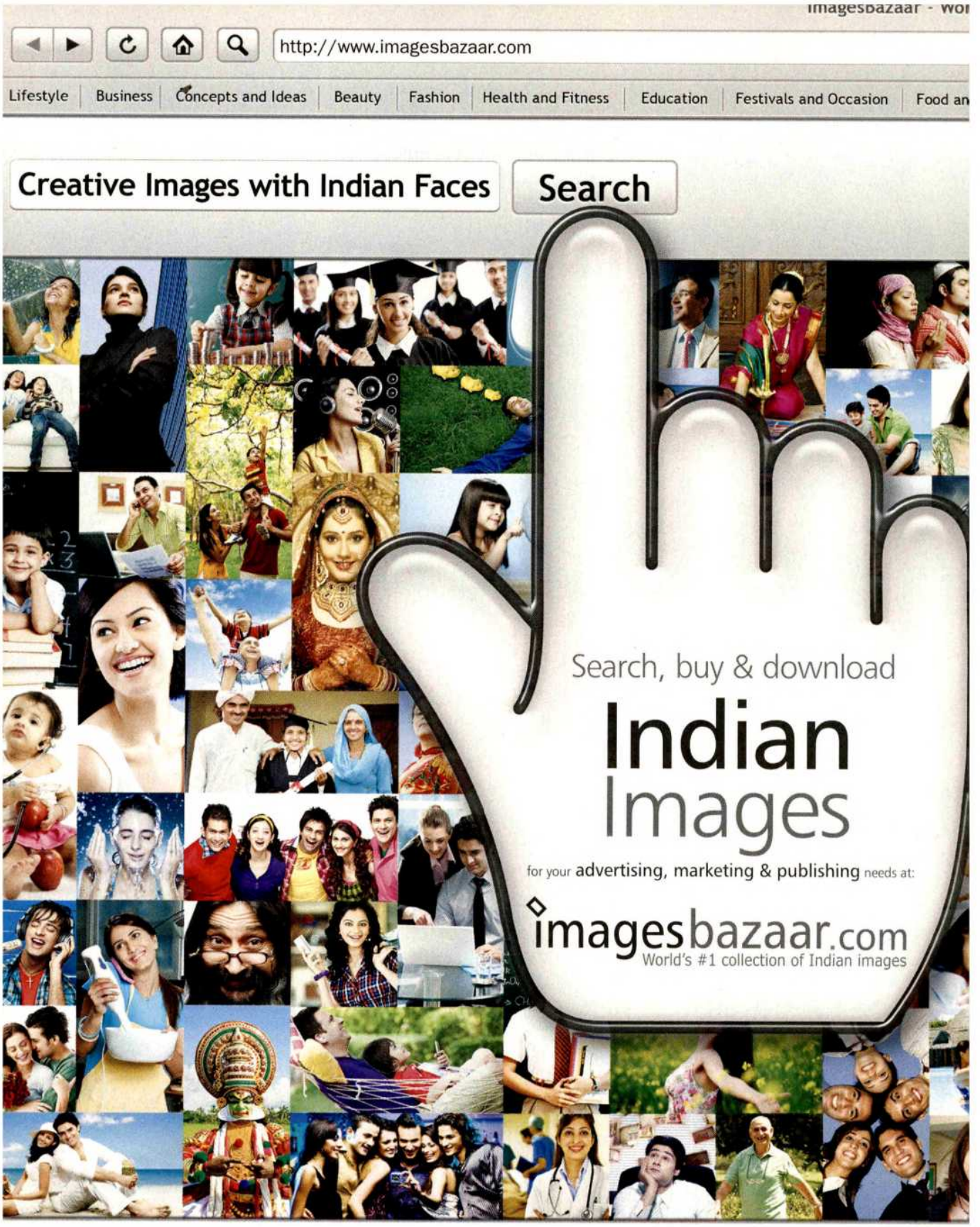

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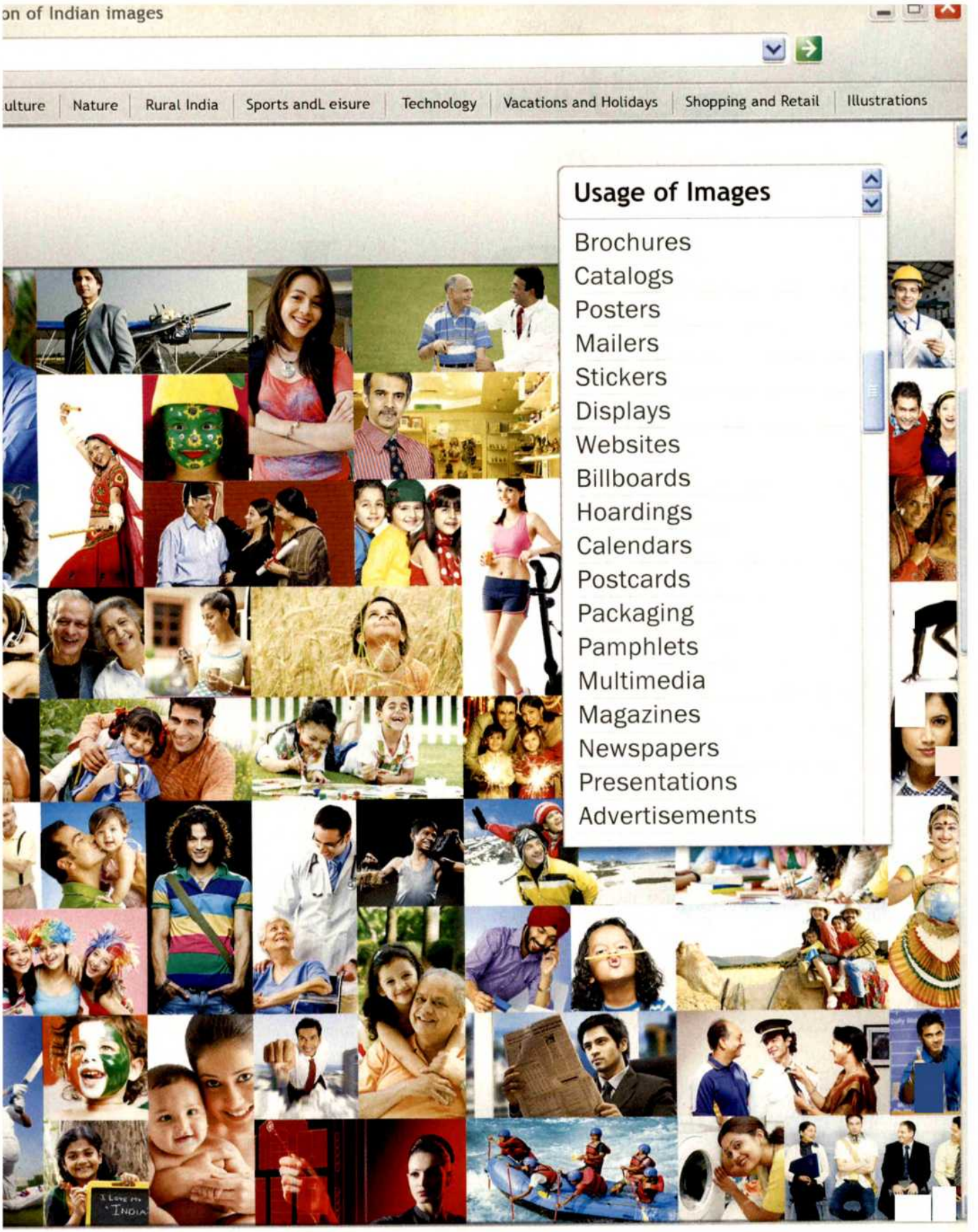

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Let's Deal, Mr President

There's enough on the table before the US and India to transact on but don't hold your breath on any crackers during the Barack Obama visit this Diwali.

US-India business has had a curious history decoupled from the state of diplomatic relations between Washington and New Delhi. Even in the aftermath of Indian nuclear tests in 1998 when relations between the two were at their coolest in a post-Cold War world, business boomed and peaked with Indian tech firms helping out top US corporations deal with the Y2K computer bug.

A decade later, the contours of the relations have changed dramatically: Washington has successfully paved the way for India's entry into a closed door club with access to nuclear energy technologies and fuel. Most leading US businesses have opened shop here — both as a place to sell their wares as also a base for intellectual resources — and consider India their gateway into other emerging markets.

Still, observers of India-US business relations don't expect much by way of milestones from President Barack Obama's India visit in the first week of November. Democrat administrations have delivered few goodies to India and with the world's No. 1 economy faced with unemployment rates of 9.6 per cent, little tangible is expected from the Obama visit.

A lot is in play, though: lifting of "dual-use" restrictions that could lay foundations for the world's biggest nuclear energy market, a $5 billion military transport aircraft deal, cooperation in university-level education and research, irritants around outsourcing, and financial reforms. Some of these will get sealed when Obama tours India and, surely, some won't. Turn the page for deep dives by four *Business Today* writers and one expert columnist into the new opportunities before US-India businesses, and a reality check on how a backlash against outsourcing could actually hurt the American economy.

NEW BONHOMIE

The first visit by President Obama to India could augur well for US-India trade. Some of the deals and issues that will be on the table during the Obama trip, all of which may not be signed:

Nuclear technology "dual use" restrictions may be lifted, paving the way for hundreds of technologies denied to India under US laws so far

This way, Prime Minister: A lot is on the table for the No. 1 economy

AFP

Boeing's F/A-18 E/F Super Hornet and Lockheed-Martin with its F-16IN Super Viper are in the running for the 126 Multi-Role Combat Aircraft order worth over Rs 45,000 crore

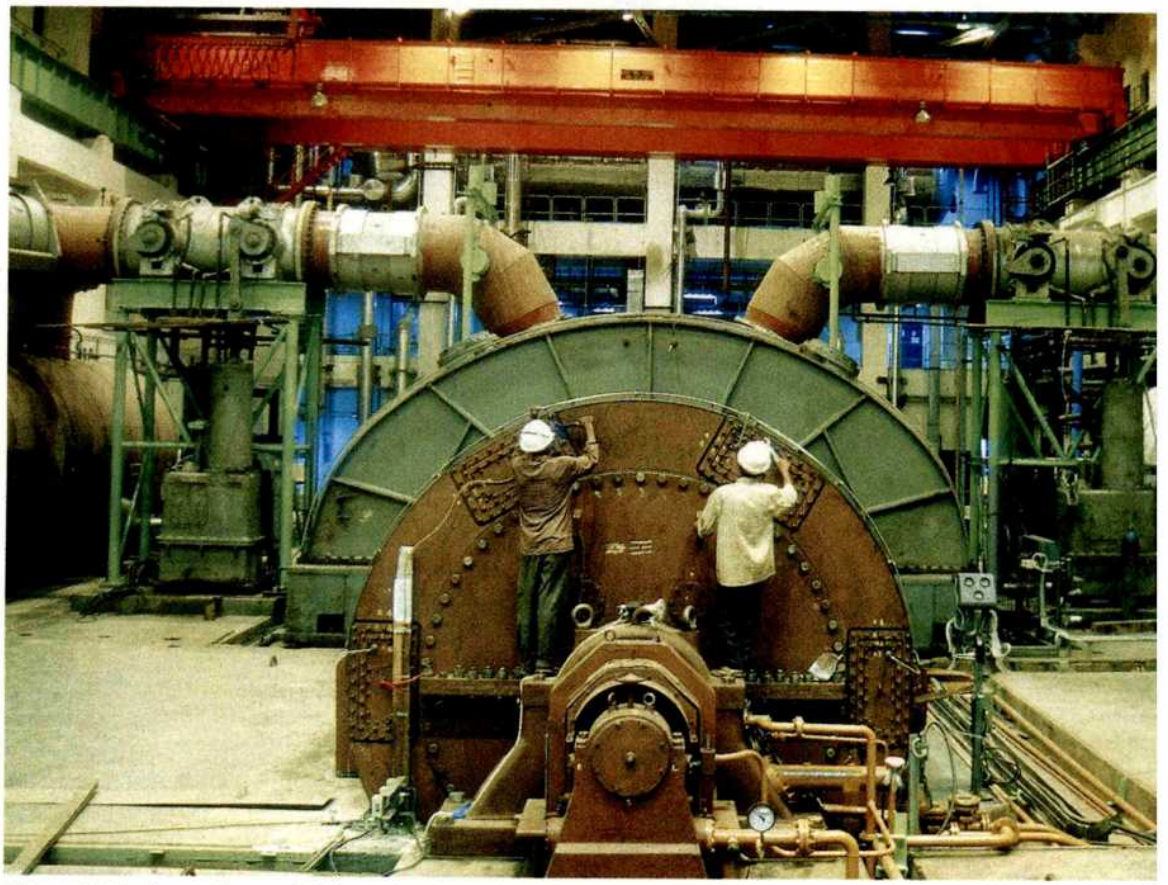
Boeing and Sikorsky are both in the running for heavy-lift and attack helicopter deals

US wants India to sign logistics sharing and communications interoperability pacts, but the Indians are cool to it

A Rs 20,000-crore deal for 10 Boeing C-17 heavy-lift aircraft to replace the ageing Ilyushin-76 planes

N(o) Deal

A virgin market in India presents the next frontier for nuclear plant makers but they have to deal with India's nuclear liability laws first. BY K.R. BALASUBRAMANYAM



Why us? Equipment manufacturers and suppliers are upset at being included in India's liability laws

The Tatas spoke of investing $3 billion in nuclear power; GMR Energy mulled building a 3,000-MW plant. Reliance Industries is waiting to take the plunge once the water clears. The likes of Larsen & Toubro and Bharat Heavy Electricals Ltd, or BHEL, had signed deals with GE-Hitachi, Rolls-Royce Alstom, among others, to put up manufactu units in India.

The excitement was equally high in United States, the driver behind the so-called Agreement of 2008. For Americans, e

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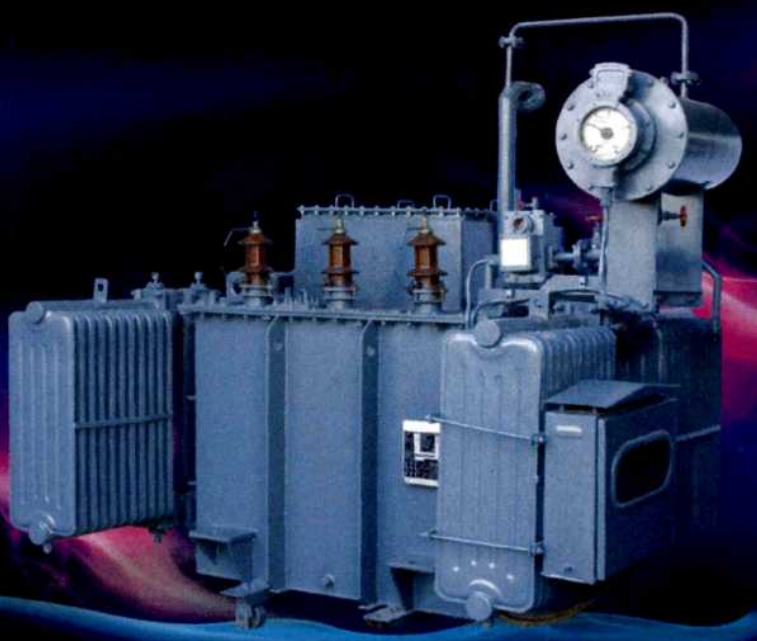

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nuclear power plant of 1,000 MW means 10,000 to 12,000 jobs back home. Equipment makers such as Westinghouse and GE were excited about what may be a $250-billion market for their wares.

But all are now holding their breath because of the liability law passed by Parliament in August.

"As much as I would love to participate in the Indian nuclear market, I would never put the enterprise at risk. There are certain things the CEO of any company just cannot do; one of them is to take uncapped risk, as pertains to anything, particularly nuclear power generation," GE Chairman and CEO Jeff Immelt told *Business Today* in September.

As the finer details of the Civil Liability for Nuclear Damage Bill emerged, they caused more shock than celebration. One clause makes equipment and component suppliers liable in the event of an accident. Usually, only plant operators are held liable.

"They have messed up with the Bill. It is not so anywhere in the world. A plant can have as many as 200 to 300 suppliers, 60 per cent of whom could be Indians making non-critical components," says D.V. Kapur, founder-chairman of government-owned NTPC Ltd. and now an independent director with Reliance Industries.

Another roadblock is the clause for liability claims on suppliers and service providers beyond their terms of supply — 60 years of plant life plus 20 years of a liability period. Globally, suppliers in the nuclear business get no insurance cover. Even if they were to get such coverage, says an industry expert, they will pass on the liability to Indian suppliers. Industry lobby Confederation of Indian Industry, or CII, fears this will prevent Indian suppliers and sub-suppliers from engaging in the nuclear power business.

Indian laws currently allow only the Nuclear Power Corporation of India Ltd, or NPCIL, to build power plants. There is a window for private players, but they have to team up with NPCIL by picking up a stake not more than 49 per cent in a project. Kapur feels big developers will not be content playing second fiddle to the government-owned company by just being financial investors without a deeper engagement. NPCIL has been able to build just about 4,000 MW so far, making the 2030 target of 63,000 MW a tall order.

Favourable amendments in the law, nuclear industry veterans say, will help not only global suppliers but also Indian industry. According to Anil Kakodkar, former chairman of the Atomic Energy Commission, or AEC, the nuclear power industry has a huge scope given that the domestic requirement for nuclear power in India is estimated at 30,000 MW to 35,000 MW over the next 10 to 15 years. That could shoot up later, he adds, with coal availability likely to become an issue after 2050.

V. Raghuraman, former principal advisor for energy at CII, reckons that between now and 2030 China and India will account for almost half the incremental use of global energy resources. "India alone will make up 13-21 per cent depending upon the trajectory of its growth," he says. Together with local manufacturing — a distinct possibility for components — that could be an attractive opportunity for Indian companies. Equipment accounts for about 40 per cent of the cost in nuclear power generation.

If the Indian policy makers are serious about building non-polluting power plants and cutting on greenhouse gas emissions, then some tweaking of the liability laws is imperative. ◆

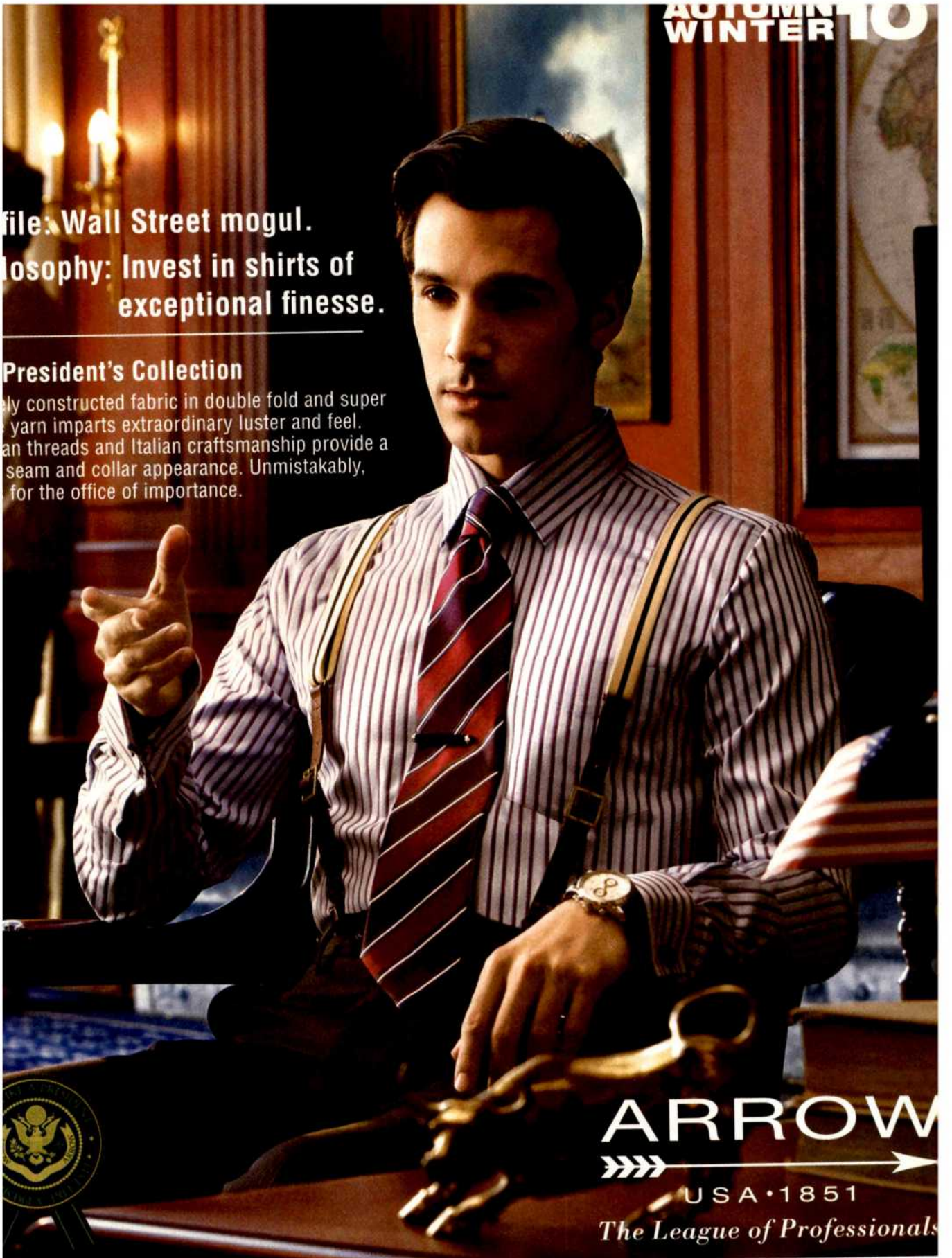
UN-POWERED

THE OPPORTUNITIES

- Potentially a $250 billion market for nuclear equipment
- Private firms can team with Nuclear Power Corp. with a minority stake
- Local manufacturing can reduce costs
- Clean energy to cut greenhouse gas emissions

THE GAPS

- Liability on suppliers of equipment, components
- Lack of insurance cover for nuclear suppliers
- Liability beyond a company's term of supply
- Indian supply industry cannot take off without global players



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BY V.V. DESAI

Faultlines and Fortunes

India today operates 19 nuclear power plants, or NPPs, with a total capacity of 4,500 MW and is adding 5,000 MW with seven plants that are under construction and slated for commissioning by 2015. An NPP can take eight to nine years to come up, so India's nuclear power capacity is unlikely to cross 10,000 MW by 2020.

Still, the country has massive expansion plans over the next four decades: 20,000 MW by 2020, 63,000 MW by 2032, and 470,000 MW by 2050. To meet the 2032 target, for instance, India will have to add around 4,500 MW each year. The enormity of the 2050 target can be appreciated by the fact that the total global capacity across 30 nations is around 400,000 MW at present.

So far, the state-owned Nuclear Power Corporation of India Ltd or NPCIL has been the only owner and operator of NPPs. It is unlikely to be able to cope with the demands that a multi-fold capacity expansion will place on its organisation, managerial and technical capacities, and financial resources.

Fortunately, the government has signalled that it intends to invite the private sector (without direct foreign equity) to accelerate investments in nuclear energy.

By law and practice, policies and deliberations concerning NPPs remain opaque, driven as they are by a small group of interrelated government entities, namely, the Department of Atomic Energy (DAE), the Atomic Energy Commission (AEC), the Atomic Energy Regulatory Board (AERB) and the NPCIL. Little information is publicly available on the working of the sector. Implementation of a large and fast-paced expansion programme would require systems and processes to be streamlined, roles of different entities to be clearly defined, and their performance made transparent and available to public scrutiny.

There have also been concerns about the independence of the sector regulator, AERB, which reports to the DAE. The DAE also has administrative control over NPCIL. Regulatory independence and credibility will be critical especially as the regulator will be called upon to work closely with a larger number of PSU and private investors, as also domestic and foreign participants. For this, capacities of sector entities and personnel would need to be substantially upgraded.

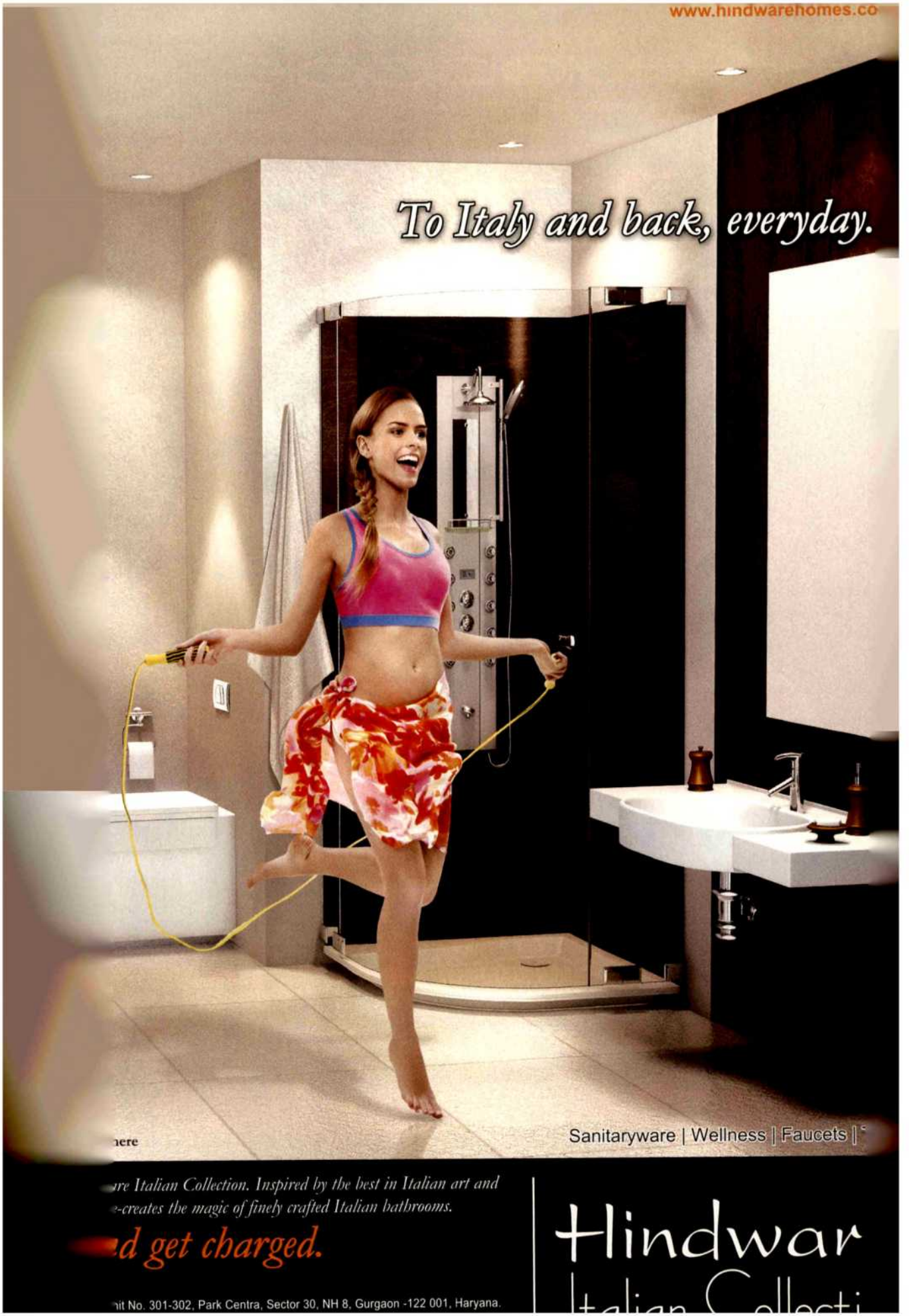
The other problem is public perception of nuclear energy, or, more specifically, the hazards around it. Project sponsors often spend the initial years fighting legal challenges, and resorting to police interventions in project area instead of moving ahead on construction. Dissemination of transparent and meaningful project information, sensitivity to the legitimate concerns of the affected population, market-guided compensation for acquired land, and serious attention to rehabilitating the affected could be the solution. Also, today's practice of Environmental Impact Assessment studies being prepared by consultants paid for by the licensee/operator needs to be reconsidered to enhance public confidence.

Another major issue in public acceptance is the uncertainty related to storage and disposal of nuclear waste. As yet, no country has found a reliable long-term solution to the problem, with plant sites often used for such storage. While India may not be able to solve the problem, what will help is provision of information on how the interim measures are expected to safeguard public health and environment until a superior solution is found.

An NPP can take about eight to nine years to come up, so India's nuclear power capacity in unlikely to cross 10,000 MW by 2020.

High Costs, Big Opportunities

Historically, cost estimates of NPPs have proven highly unreliable, often ending with significant cost increases and delays. Besides, several different definitions are used for different pur-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poses (overnight costs, owner's costs, all-in costs, etc.) giving a wide range of costs. Estimated investment costs per MW today vary from $4 million to $9 million. The AEC has benchmarked costs at $1.6 million per MW, but its scope and basis is unclear.

Uncertainty of costs is even greater for the "new generation" plants, offered by Areva, Westinghouse and GE-Hitachi. The first plant in an advance stage of completion, by Areva in Finland, has had a 75 per cent cost increase (at $5,500/KW), and a delay of 60 per cent. Areva has also announced a 50 per cent cost increase on plants it is building in France and China.

It is safe to assume that capital requirement for building additional capacity of 50,000 MW in India would be $250 billion to $300 billion, to be incurred mostly in the 2015-2030 period.

Despite the challenges and uncertainties, the intended multifold expansion of nuclear energy in the country holds business opportunities of several billions of dollars for Indian and foreign industry. Even if only about half of the targeted new capacity of 53,000 MW — that is 25,000 MW — is added by 2032, it would involve an investment of around $150 billion. Much of the technology and core plant would be supplied by foreign suppliers, especially for the NPPs to be built in the early years, and the government has already entered into preliminary supply agreements with major technology and plant suppliers from Russia, France, and the US.

There will be massive and growing opportunities for the Indian industry and investors as well. An unintended benefit of 35 years of embargo on Indian nuclear energy sector has been the limited yet important development of indigenous capacity in selected areas of design, construction, and manufacturing needed for NPPs.

The extent to which the Indian industry will succeed will depend on its dynamism as well as the government's ability to put in place major institutional changes.

NPCIL has developed capability to design and build NPPs in the 220 MW to 700 MW capacity. It plans to build up to 10 such plants in the country, and also hopes to export some. Private sector construction major HCC, short for Hindustan Construction Company, has built several NPPs in the country. L&T has supplied steam generators and produced heavy components for 17 of India's pressurised heavy water reactors and can fabricate nuclear-grade pressure vessels and core support structures — making it one among a dozen major nuclear-qualified heavy engineering enterprises worldwide.

Development of such indigenous capacity, although significant, is somewhat limited in amount and scope. Substantial expansion of indigenous capabilities is critical for sustaining the planned rapid development of capacity. Several firms, then, are gearing up. HCC has formed a joint venture with a UK-based engineering and project management firm to undertake consulting services and nuclear power plant construction. L&T has entered into agreements with several foreign NPP providers to produce components in India as well as in third country markets. It is also setting up a major plant for manufacture of heavy engineering components for nuclear reactors in collaboration with NPCIL and BHEL for the domestic and export market. BHEL has plans to supply components for the new-generation, 1,600 MW reactors as well as set up a JV with NPCIL and Alstom for turbines. Similarly, Bharat Forge is setting up a JV with Areva for casting and forging components.

The extent to which the Indian industry will succeed in turning the potential into reality will depend, in part, on its dynamism and innovative spirit; and also on the government's ability to put in place major institutional changes that are needed. ◆

The author is a former Chief Economist of the Asian Development Bank.

Green-collar Jobs, the Next Wave

Obama's promised moves towards a more environment-friendly United States will shift jobs to India and create new ones.

BY SUMAN LAYAK and RAHUL SACHITANAND

VIVAN MEHRA

Sun-side up: A photovoltaic line in India

This October, West Virginia's governor Joe Manchin released a video ad (http://bit.ly/a3RORE) to promote his bid for a vacant US Senate seat. In the ad, Manchin loads a rifle and puts a bullet through a printout of a proposed climate-change law, the Cap and Trade Bill, pinned on a tree.

The ad, which Manchin's campaign calls 'Dead Aim', had the green-conscious cringing and brought into focus once again the tightrope walk before US President Barack Obama on climate change. Obama sounded resolute in September when he iterated that he would take big steps towards energy security in 2011 to reduce the world's largest economy's dependence on fossil fuels.

If that happens, it will be good news for India — for a small but fast-growing segment called 'outsourced green jobs'. The global green economy — ranging from solar energy to eco-friendly chemicals, from smart electricity grids to carbon accounting offshoring — is estimated at over $5 trillion, of which the US accounts for a sizeable one-fifth. As the sector continues to chug along — it was one of the few in the US that grew through the recession — green jobs are being shipped to India. According to researcher Brown-Wilson Group's

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Green Outsourcing report for 2009, 22,000 green jobs have been already outsourced to India last year.

And, by the time the US green economy creates five million jobs, 20 per cent, or one million, would be outsourced to India. To get a sense of that potential, look at India's information technology and business process outsourcing (BPO) industry: its 2.3 million workers churn out $60 billion in revenues.

Outsourced green jobs — some call it the next wave in outsourcing — will first emerge in some scale in greenhouse gas accounting that uses software tools remotely, predicts Arvind Sharma, Director for Sustainability, at audit and consulting firm KPMG.

Chisk Inc., a California company started by Bhopal-born entrepreneur Shekhar Chitnis, is in talks with companies to get this job outsourced to its partner-offices in eight cities in India. Offshoring of "carbon tax/carbon credit accounting (work) is inevitable", Chitnis told *BT*.

The other obvious opportunity is the greening of IT infrastructure. Mark Livingston, Senior Vice President of Consulting at Cognizant Technology Solutions, says the need to find new green efficiencies is being driven by a number of factors, including a weaker economy, the growing cost and limited supply of energy, the insatiable demand for more processing power and storage, and the pressure to reduce environmental impact that is coming from shareholders, customers, and employees.

Its peer Tech Mahindra has started offering green IT consulting services. Vikas Gupta, Vice President at Tech Mahindra, says typically, his team can show a company about to expand its data centre "how they can use virtualisation to combine four functions within the same box". Virtualisation refers to running multiple operating systems and applications on the same server or computing infrastructure.

Bangalore-based Wipro believes that dynamic energy control is the answer to global corporations seeking to move to sustainable operations. "The core of this transition will centre around dynamically controlling energy using software and analytics," says T.K. Kurien, President of Wipro EcoEnergy, the cleantech business of the eponymous soaps-to-software group.

Cross-town rival Infosys Technologies has started promoting a power strip branded iSmart that helps users monitor and control electricity usage.

Examples of tech solutions abound — NXP Semiconductors, spun off from Philips in 2006, has developed a chipset and an algorithm that can help extract more power from solar photovoltaic panels.

But another emerging area, say industry insiders, is blue-collar green jobs in India. Tata BP Solar's India factories have now emerged as one of the top destinations for BP's solar photovoltaic manufacturing after it closed its Portuguese and Australian units in 2008 and 2009 and announced the closure of its US facility in 2010.

California-headquartered Solar Semiconductor, which has a Hyderabad factory, is another instance. With the US market for solar panels opening up, its Vice President Ravi Surapaneni says the company may even set up manufacturing units in that country with experts from India running them. Wind energy equipment, similarly, could be another job creator.

Surojit Bose, Associate Director for Sustainability in India, at PricewaterhouseCoopers, feels that a lot of research work in clean technology is waiting to be offloaded to India if the US Senate approves the comprehensive carbon legislation.

On that count, President Obama will have to woo more than just the Republicans — Governor Manchin is a Democrat. ◆

GREEN OUTSOURCING POTENTIAL

- Carbon accounting offshoring
- Advanced bio-fuels
- Smart grid
- Geo thermal energy
- Green chemistry
- Green manufacturing
- Solar energy
- Sustainable agriculture
- Sustainable green retailing
- Wind energy

Missing Numbers

Some financial sector reforms are yet to be cleared by Parliament, so don't expect any immediate action. **BY ANAND ADHIKARI**

By now, US President Barack Obama knows how difficult it is to pass a law in the Senate and the House of Representatives without the numbers. When he got his trillion-dollar health care reforms Bill passed this March, only one Republican voted for it while 39 of his own Democrats gave it the thumbs down. The Bill got by with just 219-212 votes.

On November 8, when he addresses a joint session of India's Parliament a day before it convenes for its winter session, Obama will come prepared with the knowledge that his host does not have the numbers required to push through the controversial insurance and pension reforms Bills that have been gathering dust.

The upper limit for foreign direct investment or FDI in the insurance sector has remained at 26 per cent for over a decade. The Bill proposes a limit of 49 per cent. In the business of managing pension funds, the government proposes to allow FDI for the first time, of up to 26 per cent.

"Obama's visit is more strategic in nature," says Rajesh Sud, CEO and Managing Director of Max New York Life Insurance, a joint venture between Max and New York Life Inc of the United States. The numbers are not right for the Congress-led United Progressive Alliance, or UPA, in Parliament, and Sud is not expecting any miracle from Obama's visit.

Foreign banks, though, are rejoicing after decades of restrictive regulations that governed everything from mergers and acquisitions to the number of branches a bank can open. Call it coincidence or the Obama effect, the Reserve Bank of India is expected to issue guidelines for foreign banks that will allow them to operate here through a wholly-owned subsidiary. The RBI's February 2005 road map for foreign banks had specified this; the guidelines are expected any day. Today, the Citibanks and Standard Chartered Banks of the world operate here as a branch of the parent.

Minister of Finance Pranab Mukherjee, though, is quick to de-link the imminent liberalisation from Obama's visit. At the annual meeting of the International Monetary Fund and the World Bank this month, Mukherjee said that India's financial reforms were not a result of external influence, much less an attempt to appease the US ahead of Obama's visit. "It is not linked with anybody's visit," said Mukherjee.

Kalpana Morparia, CEO of JPMorgan Chase's India operations, believes that Obama's visit will result in some action on the pending issues.

A partner in one of the US-based Big Four consultants said the visit of any US president is significant as both the countries are amongst the largest economies in the world. "The visit is beyond economics," he says. Today, Citibank is the only US bank of some consequence in India, while JP Morgan, Bank of America and Goldman Sachs are not big players. Citibank India's balance-sheet size is close to Rs 100,000 crore, but JP Morgan and Bank of America's assets in India are below Rs 15,000 crore.

Critically, can Obama ask India to open up its financial sector when he is pushing for tougher regulations for banks back home following the 2008 financial meltdown? May be he will simply raise a toast to India's market-proof regulations. ◆

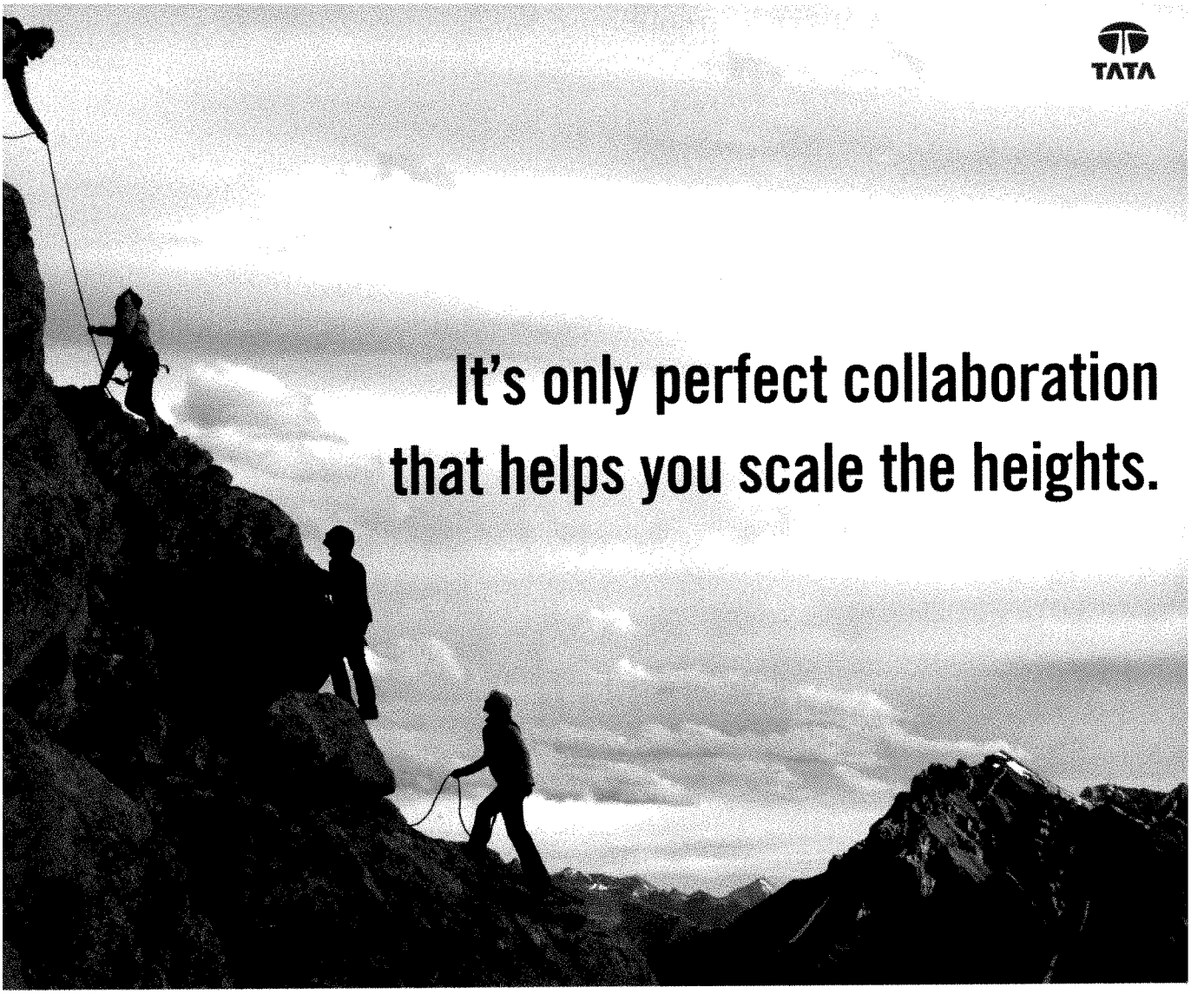
THE OBAMA EFFECT

THE AYES...

- **Guidelines soon to allow foreign banks wholly-owned subsidiaries in India**
- **More liberal policy for giving foreign banks branch licences in small cities and towns**

...AND THE NOT-NOWS

- **Relaxation of FDI limit in the insurance sector from 26 per cent to 49 per cent**
- **Permitting FDI in pension fund management business**



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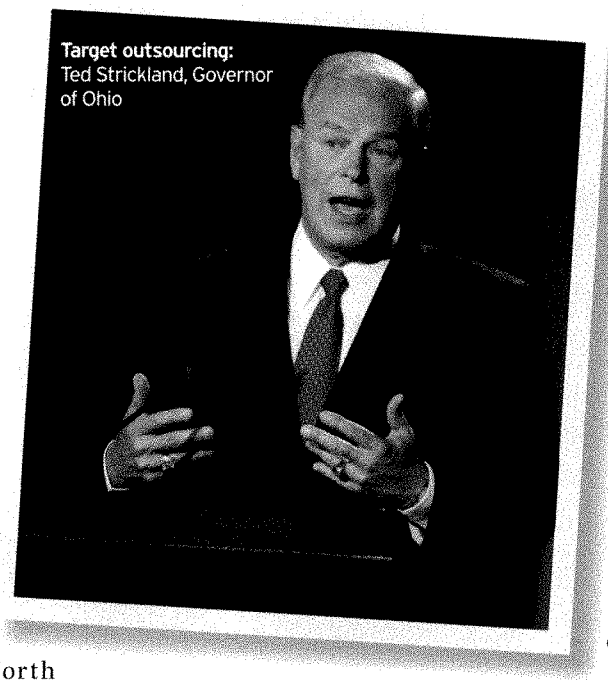
Politics Over Business

Concerns over job losses caused by outsourcing could cloud long-term business plans for the US economy. BY RAHUL SACHITANAND


Target outsourcing: Ted Strickland, Governor of Ohio

Elections in the United States have traditionally made the Indian tech and back office industry jittery. Even by those hyperventilating standards, the current backlash against outsourcing is an overdose. With Congressional mid-term elections in the US scheduled for November 2 and politics getting precedence over business, it is bad news for India's $60 billion outsourcing industry, which gets around 70 per cent of its business from North American customers.

A series of moves against outsourcing and offshoring, mainly by Democrat lawmakers, has many companies concerned. First, the state of Ohio banned outsourcing of government-funded projects in August 2010. A month later, Democrats tried, albeit unsuccessfully, to introduce the Creating American Jobs and End Offshoring Act, in Congress. It aims at preventing US companies from deferring taxes on income earned overseas.

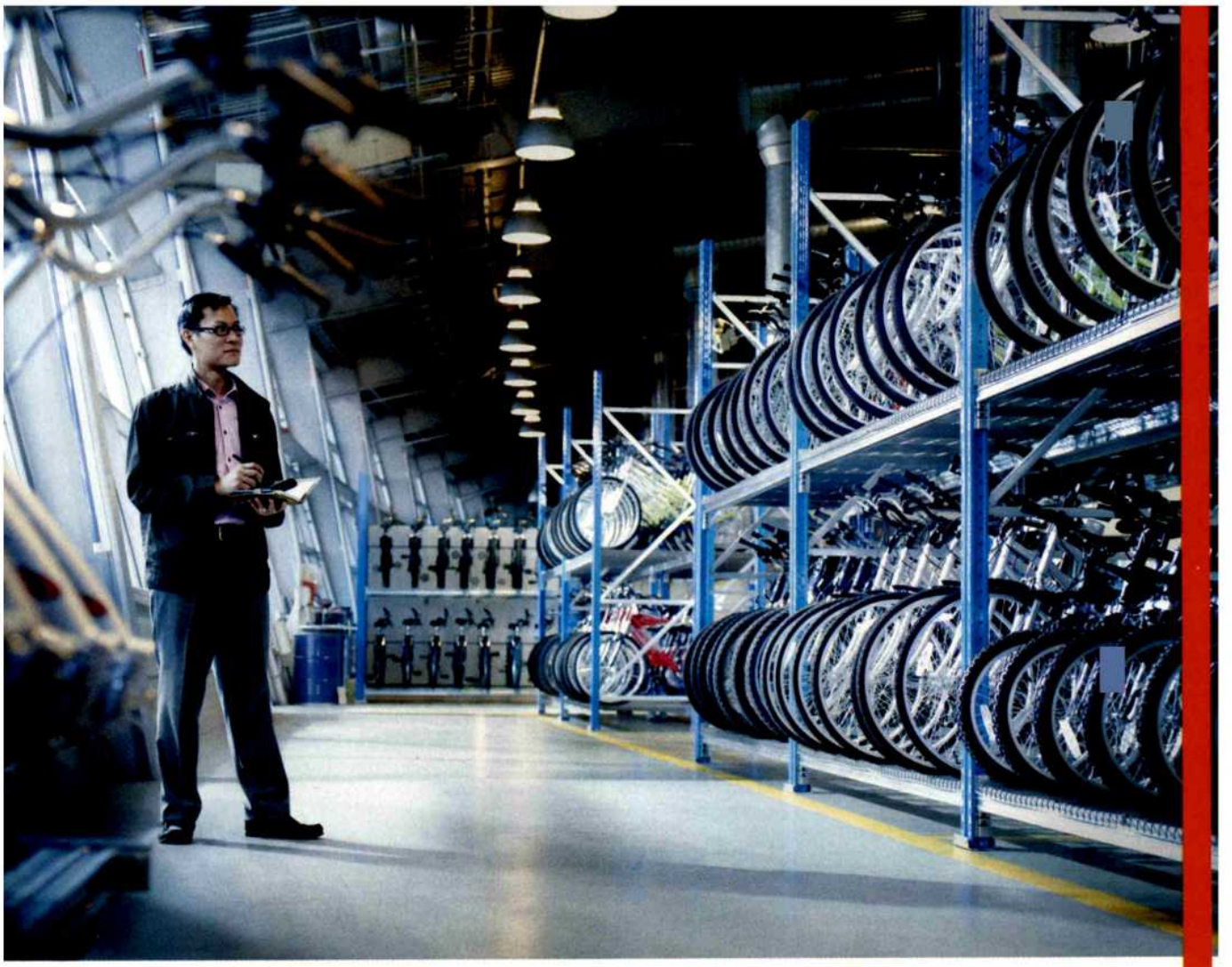
While India Inc. may have survived this scare, experts say that, in an election year, there may be many more air pockets ahead. Some American politicians are pandering to uninformed segments of their electorate, says Vivek Wadhwa, Senior Research Associate with the Labor and Worklife Program at Harvard Law School. "What the American public doesn't realise is what is at stake with the current protectionist sentiment: American companies need the cost advantage that outsourcing provides them," says he. "If protectionists try to restrict this, they will only hurt American industry."

It is not only tax breaks that are being leveraged by hawkish lawmakers in a bid to halt or at least slow down outsourcing and offshoring. In the past, legislators have tried to turn their anger on H-1B visas, a category predominantly used by outsourcers to bring in people from countries such as India to the United States. Iowa Senator Chuck Grassley had argued that these visas were being misused to displace American workers with cheaper immigrants. Movements such as the Tea Party, too, are on the rise, with the loosely-organised coalition's numbers being boosted by hundreds of laid off workers.

Indian information technology companies are critical of these anti-trade moves. "Immigration reforms need to go hand-in-hand with education reforms, as the US is not producing enough science and technology professionals," says R. Chandrasekaran, Managing Director of Cognizant. "The more expensive or difficult it is to bring people into the US, the more firms will be incentivised to move work globally." The anti-free trade moves will harm the US interests in the long term, predicts Wipro Technologies' joint CEO Girish Paranjpe.

While Indian outsourcers have heaved a sigh of relief with the defeat of the Creating American Jobs and End Offshoring Act, even more acerbic attacks are expected in the months ahead. The mood is very negative, says Wadhwa, despite the fact that the leading American technology companies get most of their revenues from abroad. "Intel gets 72 per cent of its revenues from abroad, H-P 67 per cent, and IBM 66 per cent," he says. But popular sentiment does not recognise that "American industry depends on foreign markets to continue creating employment", Wadhwa adds.

With US unemployment still high at 9.6 per cent and sentiment being key in politics, the pressures of local politics may triumph over the needs of big business. ◆



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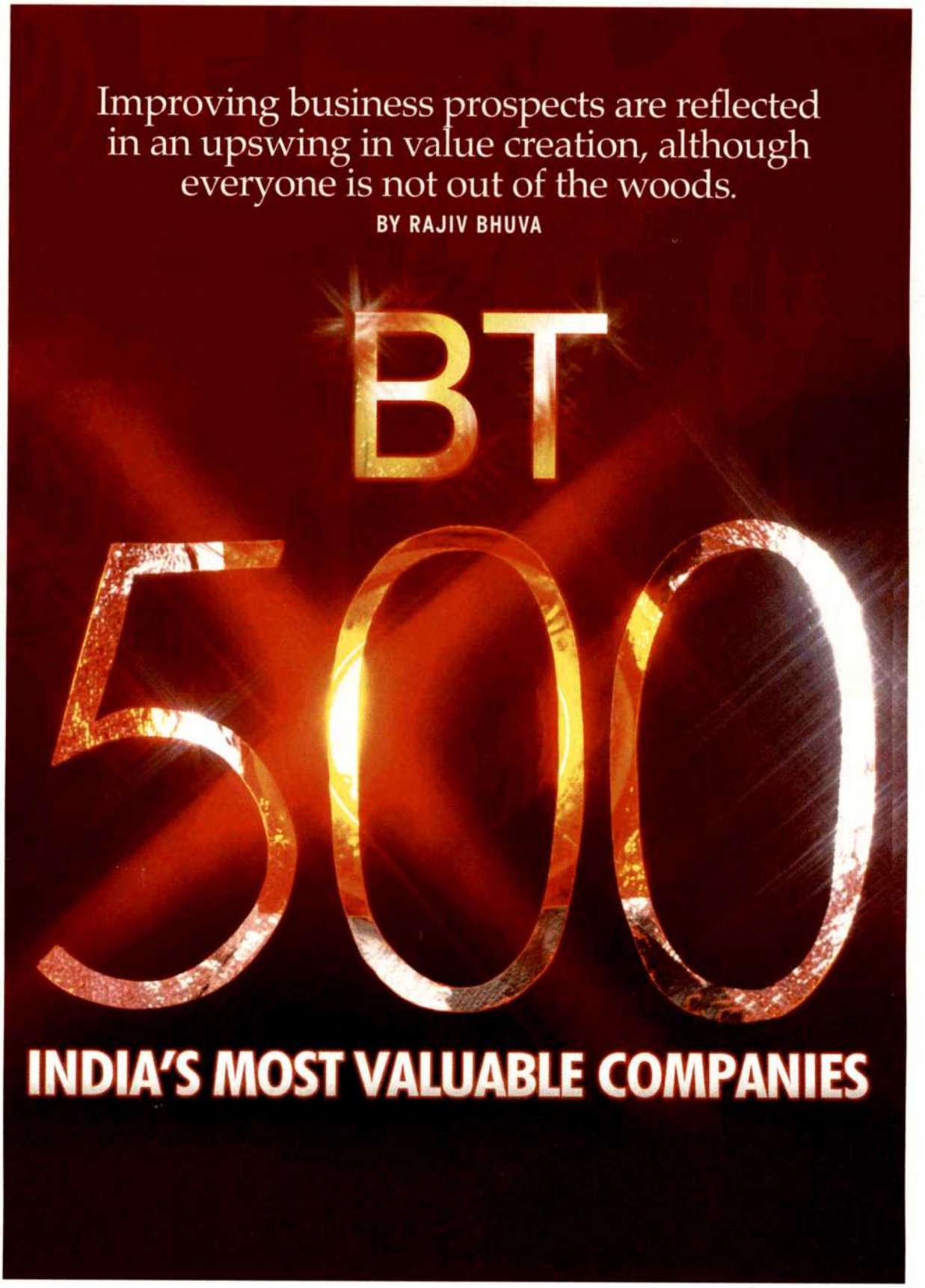

Improving business prospects are reflected in an upswing in value creation, although everyone is not out of the woods.
BY RAJIV BHUVA
BT
500
INDIA'S MOST VALUABLE COMPANIES

The buzz is back — and the upswing in valuations is the best indicator of the turnaround in not just sentiment on the street but also of fortunes of corporate India. As the economy leaves most of the world behind and gets set to clock 8.5 per cent growth in the current financial year, India Inc. is riding a boom in increased domestic consumption even as it slowly but surely conquers new markets overseas.

Investors, primarily of the foreign institutional variety, have sensed the upside. The overseas moneybags have pumped all of $23.5 billion into Indian equities in 2010. That is reflected in the growth in market capitalisation in the first half of the current financial year — which is what *Business Today* considers for its rankings. The overall market value of the BT 500 companies is up smartly by 42 per cent; the 500 to 1,000 pack has made investors richer by 74 per cent, and the 50 companies in the public sector undertaking listing are more valuable by 23 per cent than a year ago. That's a smart recovery from the downturn of the previous study in 2009, when the top 500 lost 7.32 per cent in value and the second half of the list had 30 per cent of their wealth eroded.

Leading that resurgence are good old blue chips like Tata Steel, Tata Motors, Hindalco and Sterlite, which have benefited from robust growth in sales (of autos, for instance), and an upturn in prices of commodities like steel, aluminium and copper. Hindalco and Tata Steel also gained because investors are once again seeing brighter prospects for the big-ticket acquisitions made a few years ago — of Novelis in Canada and Corus, now renamed Tata Steel Europe, respectively. Tata Motors is also reaping the benefits of a pretty sensational turnaround in the performance of Jaguar and Land Rover, the two brands it had acquired from Ford Motor (see *Tata's Game Changers*, page 68). Lower down the charts, relatively new-age sectors like aviation and organised retailing have kept investors busy, with SpiceJet and Shopper's Stop returning to the black.

The disappointments? Perhaps the biggest one is at the top of the heap: Mukesh Ambani's Reliance Industries, which has traditionally been an investor favourite, has underperformed as investors are not confident about its ambitious expansion plans. Ditto with the companies in Anil Ambani's stable, which have to convince the street that they can execute mega-projects (see *Good Bye Good Buy*, page 72). The telecom pack, too, has come under pressure after nearly eight years of rah-rah growth. That's reflected in another top-level shuffle, where Bharti Airtel has lost 24 per cent in value, and is down two places to No. 4 — see *Leaders and Laggards* on page 96, and the rest of our BT 500 features for more. ◆

Major companies that created value...

2010 Rank	Company	Growth in BT 500 2010 (Figures in %)	Growth in BT 500 2009 (Figures in %)
3	TCS	91.1	-1.16
13	Sterlite Industries	27.51	-6.57
17	Tata Steel	60.53	-40.24
19	Tata Motors	60.10	-13.70
20	Adani Enterprises	42.07	-4.67
29	Hindalco	106.61	-23.14
31	Mundra Port & SEZ	40.22	-12.66
37	HCL Tech	82.18	-13.96
44	JSW Steel	96.75	-29.87
48	Unitech	10.93	-44.62

... a few surprisingly turned destroyers...

2010 Rank	Company	Growth in BT 500 2010 (Figures in %)	Growth in BT 500 2009 (Figures in %)
43	GMR Infrastruture	-7.94	21.71
47	Grasim	-7.98	12.85
97	Tata Communications	-43.81	13.50

... and many continued their losing ways

2010 Rank	Company	Growth in BT 500 2010 (Figures in %)	Growth in BT 500 2009 (Figures in %)
4	Bharti Airtel	-24.13	-0.95
16	DLF	-9.93	-34.39
26	Reliance Communications	-37.97	-42.08
45	Idea Cellular	-5.91	-11.66
50	Reliance Capital	-7.05	-34.09
53	Essar Oil	-1.92	-30.08
83	Suzlon Energy	-29.47	-61.22
96	RNRL	-35.89	-15.67

Growth in BT 500 is over the BT 500 of previous year The BT 50 companies have been considered for the value creators, and the BT 100 for the destroyers

Tata's Game Changers

Overseas buys that are beginning to work have helped create value in key companies. BY T.V. MAHALINGAM

A unit of Corus in the Netherlands, now renamed Tata Steel Europe

In 2000-01, a devastating recession in the Indian auto sector took the wind out of the sales of Tata Motors, then known as Tata Engineering. Losses mounted to Rs 500 crore. It was around that time Ratan Tata, Chairman of the 90-company group, took a crucial call: The Tatas would henceforth cease to rely on a single market. The group's key companies that operate in sectors like steel, automobiles, chemicals, hospitality and IT services would attempt to grow overseas, too, by setting up outposts organically or by making acquisitions.

That may be one explanation for the 140-year-old conglomerate, which started the decade with a turnover of just under Rs 50,000 crore, ending fiscal year 2010 with sales of Rs 319,534 crore — that is growth of six times on a humongous base. What the numbers do not reveal, however, is the transformation the group has undergone since the dawn of the new millennium.

Back in 2000, most Tata group companies, with the exception of a few like Tata Consultancy Services, derived the bulk of their revenues from the domestic market. Today, 57 per cent of the Tata group's business comes from outside India's borders. A significant chunk of this transformation can be attributed to the slew of big-ticket acquisitions the group has made. A back of the envelope calculation reveals that Tata group companies have spent about $19 billion in acquisitions since 2000.

Such buyouts, coupled with bright prospects for many of the domestic market-oriented businesses, have resulted in key Tata companies creating dollops of wealth for investors, as the BT 500 illustrates (see *Back on the Road*).

Take Tata Motors, for instance. In 2002-03, of revenues of Rs 10,855 crore, less than five per cent came from international markets. In contrast, during the last fiscal year, Tata Motors' revenues have increased nine times to Rs 92,519 crore. India's contribution: just 38 per cent. Revenues are just one part of what the company has gained. As you read this, Tata Motors is selling amongst the world's most affordable cars in India, the Nano, at about Rs 1,34,000, and the uber-luxurious Jaguar XJ in Florida for about $77,500, or about 25 times that amount.

As good as that sounds, acquiring some of these large companies has been the easier part for the Tata

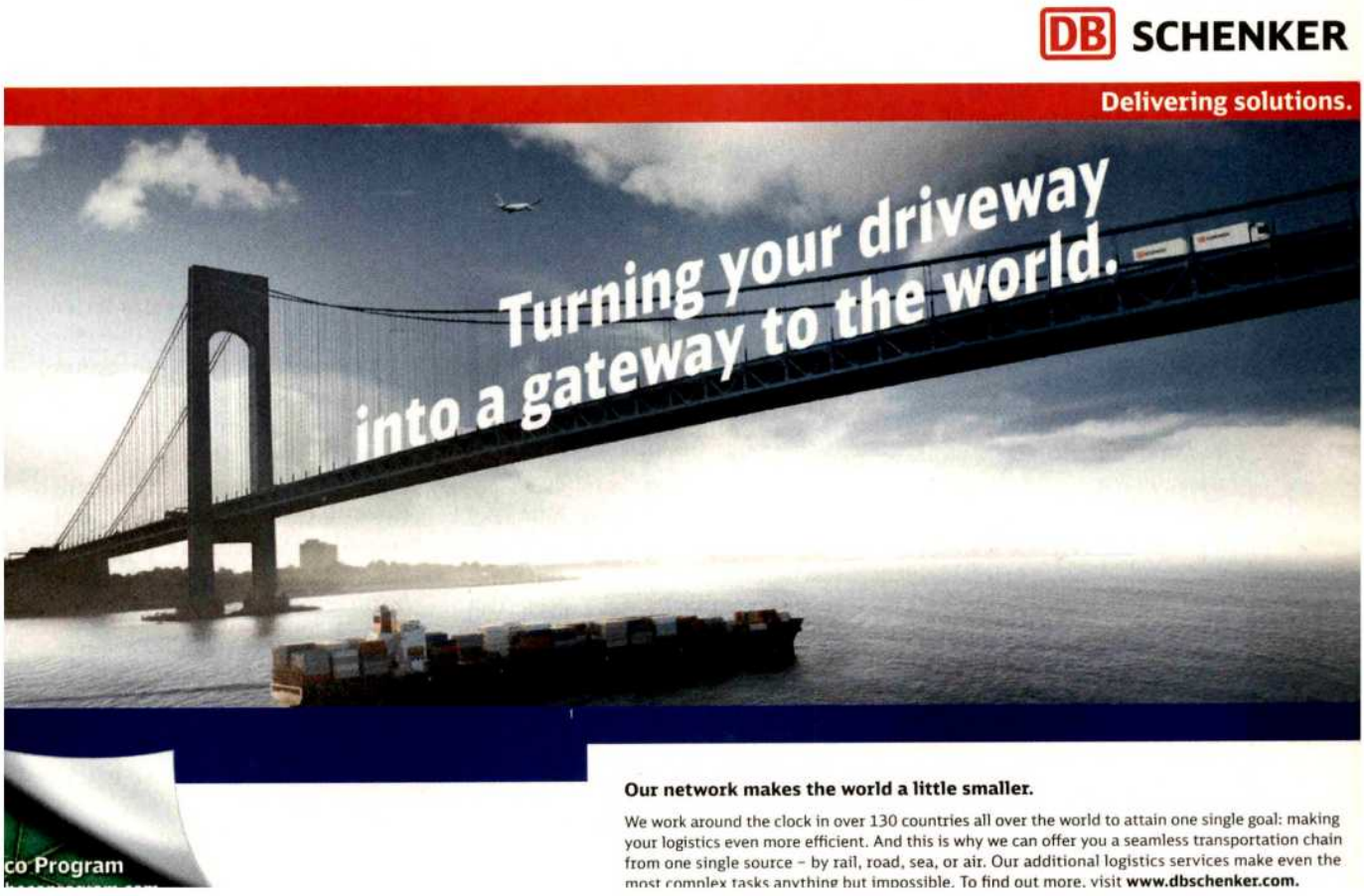
THE BIG BUYS OVERSEAS

The big acquisitions in the past decade

Company	Acquisition	Country	Value	Year
Tata Steel	Corus	UK	$12 bn	Jan. 2007
	Millennium Steel	Thailand	$167 mn	Apr. 2006
	NatSteel Asia	Singapore	$468.10 mn	Feb. 2005
Tata Motors	Jaguar-Land Rover	UK	$2.3 bn	Mar. 2008
	Daewoo Commercial Vehicle	Korea	$102 mn	Mar. 2004
Tata Tea*	Tetley Group	UK	£271 mn	Feb. 2000
Tata Coffee	Eight O'Clock Coffee	US	$220 mn	June 2006
Tata Chemicals	General Chemical Ind Products	US	$1.05 bn	Jan. 2008
	Brunner Mond	UK	Rs 800 cr	Dec. 05 & Mar. 2006+
Indian Hotels	Campton Palace Hotel	US	$58 mn	Apr. 2007
	Ritz-Carlton	US	$170 mn	Nov. 2006
TCS	Citigroup Global Services	US	$512 mn	Dec. 2008

*Now renamed Tata Global Beverages +In two phases

Source: Tata Group



group. Making those acquisitions work is the tougher task. Tata Motors CFO C. Ramakrishnan can vouch for that. In early 2008, after being on the negotiating table for the better part of a year, and beating half a dozen competitors, Tata Motors was all set to buy the iconic Jaguar-Land Rover (JLR) businesses from Ford Motor Company.

"It looked like a great proposition. What we were looking at was great brands, great technology, and a presence in the premium segment. It would have taken us five to 10 years to build a business of that stature," says Ramakrishnan. "It was a sound business, clocking profits of $600 million. They also had a turnaround strategy, and a product strategy in place." By June 2008, JLR was a part of the Tata stable. "Three months later, the tide turned around and a tsunami hit us," adds Ramakrishnan.

Ramakrishnan recalls the months after October 2008, when JLR factories worked for only a few days. What made things worse was a liquidity crunch. "When we acquired the company, we wanted to put in $500-600 million in borrowing lines for JLR, which we thought would be needed to manage their working capital requirements. We thought we would take 3-4 months to put this in place. In reality, it took us almost a year to complete that task," says Ramakrishnan.

As the recession hit the bread and butter markets of JLR — the US and Europe — JLR seemed to drag Tata Motors down along with it. Within a year of the acquisition, JLR sales fell 37 per cent last fiscal in North America and 31 per cent in the UK. As a result, of Tata Motors' net loss of Rs 2,505 crore for 2008-09, JLR's loss was Rs 1,777 crore.

By the quarter ended June 30, 2010, the situation could not have been more different. JLR went on to register its highest ever quarterly profit, largely driven by an 81 per cent spike in revenues. Cost reduction measures coupled with the encouraging performance of new models like the Jaguar XJ in China and a recovery in sales in North America helped Tata Motors post a net profit of Rs 2,571.06 crore in fiscal 2010.

In comparison, Tata Steel's acquisition of Corus, now Tata Steel Europe, may not look like much of a turnaround story, but it is not without its positives. "Corus's results will show quarterly volatility, but on an annual basis it should be in a position to deliver sustained growth this year and next year," says Prasad Baji, who tracks the Tata Steel stock at Edelweiss Securities. He adds that the company has worked hard on keeping costs down. For instance, Tata Steel Europe's headcount fell from 42,000 to 35,000 last year. Analysts point out that benefits of fixed cost reduction will show up in the next year or so.

Not all acquisitions have had to go through the pain Tata-JLR and Tata Steel Europe have endured. Consider, for instance, Tata Chemicals' acquisition of US soda ash giant General Chemicals Industrial Products, or GCIP. As Tata Chemicals Managing Director R. Mukundan says: "We were clear that we were buying the world's most competitive, lowest cost producer of soda ash. Even during the worst of times, the unit generated positive returns and as market sentiment improves it's going to perform only better." The acquisition also made Tata Chemicals a 5.5 million tonne soda ash player from about a million tonnes before the acquisition. "That scale allowed us to enter diverse markets," adds Mukundan. For instance, when the North American market slowed down, Tata Chemicals shipped material to North Africa, Latin America and parts of Asia.

In his new year's letter written to over 3,50,000 employees of the Tata group worldwide last year, Ratan Tata asked employees to brace themselves for "hard decisions". And there were some really painful ones — layoffs at JLR and Tata Steel Europe, and closure of plants of Tata Chemicals and Tata Motors. Not all stakeholders have benefited from the process of making the buyouts work, but shareholders back home have little reason to complain. ◆

BACK ON THE ROAD

Major group companies have rewarded shareholders

Company	BT 500 2010 (Rs crore)	Growth over BT 500 2009 (%)
TCS	1,58,684	91.12
Tata Steel	49,280	60.53
Tata Motors	43,652	160.10
Titan Industries	11,190	127.66
Tata Chemicals	8,649	65
Indian Hotels	7,555	64.12
Tata Global Beverages	6,989	44
Voltas	6,535	69
Trent	1,843	98

BT 500 numbers are average market cap for April 1 to September 30, 2010 period, and growth is over BT 500, 2009

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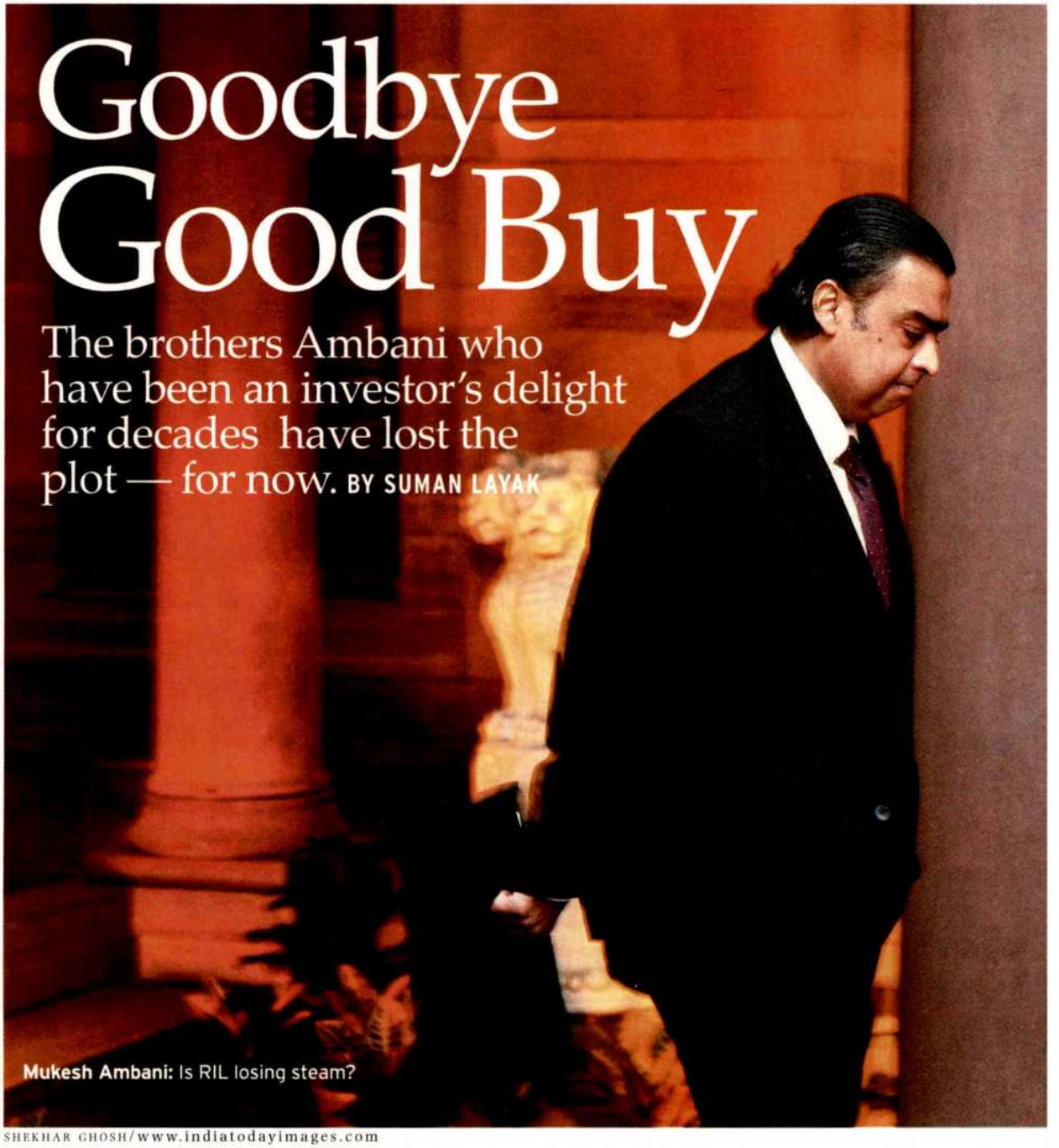
Goodbye Good Buy

The brothers Ambani who have been an investor's delight for decades have lost the plot — for now. BY SUMAN LAYAK

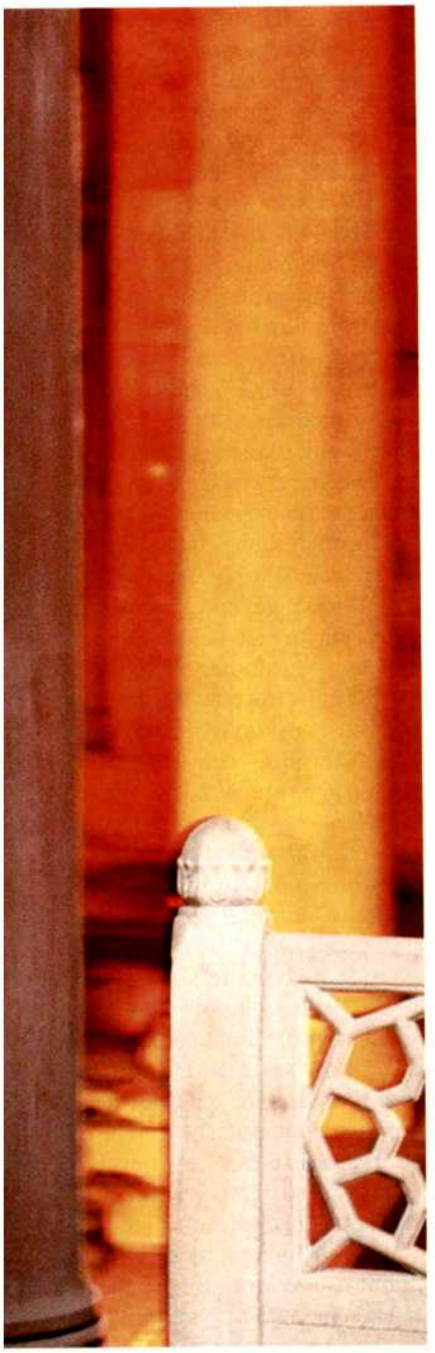


Mukesh Ambani: Is RIL losing steam?

SHEKHAR GHOSH/www.indiatodayimages.com

The rumours about Mukesh Ambani's opulent new residence-cum-office on Altamount Road in south Mumbai, called Antilla, could make for a bestselling compilation. The story about the Ambanis engaging a team of priests to rid the place of ghosts was intriguing. And the yarn that his flagship Reliance Industries Ltd, or RIL, had acquired a 14 per cent stake in East India Hotels — which runs The Oberoi and Trident hotels — to avail of the company's services to train the staff at Antilla was simply outrageous.

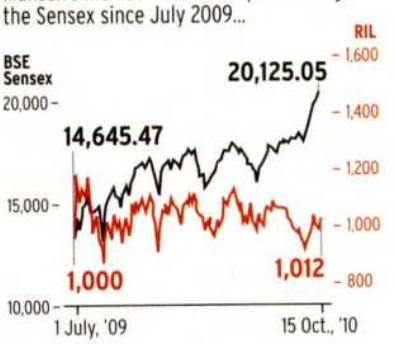
But, then again, with RIL's lacklustre show on The Street, Ambani-watchers are preferring to spend time consuming trivia. RIL has underperformed the benchmark Sensex on the Bombay Stock Exchange by roughly 36 per cent



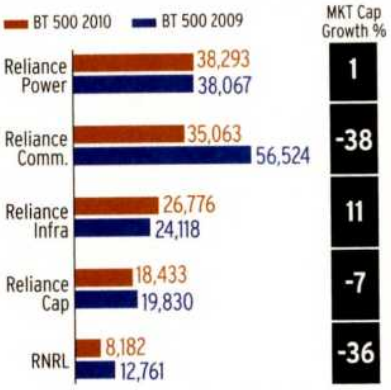
since July 2009 till last fortnight, and is clearly not the index bellwether for the time being (see *Playing Catch-up*). The scenario is not much better for younger brother Anil's Reliance–Anil Dhirubhai Ambani Group, or R-ADAG. His companies have lost a little over 16 per cent in value in the BT 500 for 2010 over their combined value a year ago. The biggest losers: Reliance Communications, or RCOM, which has dropped 38 per cent over the previous year's study; and Reliance Natural Resources has plunged 36 per cent. With the brothers having stopped their public bickering, this has been a quiet period in more than one way.

Playing Catch-up

Mukesh's RIL has been underperforming the Sensex since July 2009...



...and Anil's R-ADAG Group is also in the wars



The BT 500 is based on average market cap for the April-September period

GRAPHICS BY KULDEEP

RIL is currently navigating the trough of the refining cycle with gross refining margins down to $6.6 per barrel from $12.2 in 2009. This alone will create a strain on its cash flows at a time when it has drawn up aggressive plans to grow. The company also committed almost $6 billion (Rs 27,000 crore) for broadband wireless access and a shale gas venture in the United States where it has made a couple of acquisitions.

Ratings agency Standard & Poor's has termed RIL's ambitious strategy a "weakness" in a recent report. Brokerage house Elara Capital in an early October report recommended investors to "reduce" their holdings in RIL. Subhash Chand Aggarwal, Managing Director of brokerage house SMC Global, says: "The sale of RIL's treasury stocks at every high has increased the floating stock of Reliance and is one reason for the scrip not participating in the current rally. They have to sell more treasury stock to meet their investment commitments." Treasury stocks are RIL shares that accrued to the company when group companies were merged into it. The value realised so far via these sales is estimated at Rs 9,330 crore.

In the BT 500, which considers the average market value between April and September, RIL has gained just seven per cent over a year ago. The corresponding gain for the 30-share Sensex is 17 per cent. A recent Credit Suisse report reckons that if all the money invested in RIL's 94 subsidiaries was to be invested in fixed-income instruments, the earnings per share of the company would have gone up by 11 per cent. But for Mukesh it is not just about returns but about sweating assets for growth. That upside, though, has yet to play out. Says Brijesh Koshal, Managing Director, Daiwa Capital Markets India: "RIL will need large triggers — its floating stock is so huge — to move up." RIL officials refused to comment when contacted by BT.

The Anil Way

Anil's approach to growth is different from Mukesh's in that he has put his eggs in several baskets — unlike RIL, which is one large holding company and houses businesses from petrochemicals to organised retailing. Anil's group companies are promoted

separately with little cross-holding and Anil himself does not hold an executive position in any of his major R-ADAG companies. Unlike his brother Mukesh, who is Chairman and Managing Director at RIL, Anil is Non-Executive Chairman at all his group companies. So with R-ADAG an investor has a choice of businesses to invest in — telecom, power, infrastructure, financial services — each housed in a separate company. In RIL, however, an investor who believes in the Reliance Retail story but has no faith, say, in Mukesh's refining prospects has little choice but to buy into all of RIL.

Anil Ambani: Not all eggs in one basket

Contrasting Strategies

Whilst Mukesh has almost all his eggs in RIL...

Figures are a sum-of-the-parts valuation (in Rs) of a single share
NEC 25 is a gas and oil block off the Orissa coast; CBM: Coal-bed methane blocks
Source: Elara Capital report dated October 6

...Anil has two big irons in the fire

Company	Cap. Expenditure up to 2015	Projects
Reliance Power	Rs 1,50,000 cr	a total of 35,000 MW of gen. capacity
Reliance Infra	Rs 50,000 cr	Metro rails, bridges, roads & highways

Anil has many irons in the fire, but most of them are far from red-hot. The coming four or five years, during which R-ADAG will pump in Rs 200,000 crore, mostly in power and infrastructure, will determine the group's future. A little over half of that amount will be debt — till date, the group has in place Rs 50,000 crore of debt and Rs 15,000 crore of equity. Daiwa's Koshal feels that ADAG will not face any problem raising funds as "being a big group they always enjoy a 100-150 basis point or a 1-1.5 percentage point advantage over many other competitors". SMC Global's Aggarwal adds that R-ADAG is still suffering from the Reliance Power fiasco when the markets crashed between the time the company's initial public offering closed and the stock got listed. "They have a psychological setback to contend with," says Aggarwal. Yet, what also may be keeping investors away is that other than the rollout of CDMA and GSM infrastructure at RCOM, Anil Ambani has little to show in project execution. As Koshal points out: "People are waiting for performance from R-ADAG. They need to see the cash flows being generated. The company has taken on large projects that have a long gestation period and so the market is waiting. Once the cash flows start the market will start re-rating the companies."

R-ADAG executives counter that the company has proved its execution skills with the RCOM rollout. Syed Safawi, CEO Wireless Business, RCOM, says: "We created an unmatched, fully-integrated telecom network spanning 24,000 towns and six lakh Indian villages in less than half the time taken by other leading operators."

There is plenty more in the works. R-ADAG is building three ultra mega power projects under Reliance Power and three metro routes in Delhi and Mumbai under Reliance Infrastructure. Delhi's metro connection to the airport is all set to be commissioned and is undergoing test runs. Reliance Infrastructure will construct the second phase of the Bandra-Worli sea link in Mumbai, taking it to Haji Ali. The company is also working on 1,000 km of roads. Reliance Infrastructure CEO Lalit Jalan claims that the company has emerged as the largest infrastructure corporation in just three years (its order book is at Rs 60,000 crore — consisting of core infrastructure projects).

The R-ADAG company that has the lowest risk attached to it along with huge opportunities to unlock value is financial services major Reliance Capital. A mutual fund subsidiary has the largest assets under management among all Indian mutual funds companies, at Rs 26,000 crore. The life insurance arm is among the top three life insurance companies in India, and Anil Ambani is exploring the option of listing the company. The group has got the go-ahead to pick up a stake in a commodities exchange, and it is also keen to have its own bank, regulations permitting.

The Ambanis have over the past three-and-a-half decades earned a reputation for big-picture strategies, immaculate execution and reaping economies of scale. It is not often that investors get disillusioned with the Ambani companies. With Mukesh Ambani expected to make the move from Sea Wind to Antilla, it just may be time for a new beginning for the brothers Ambani. ◆

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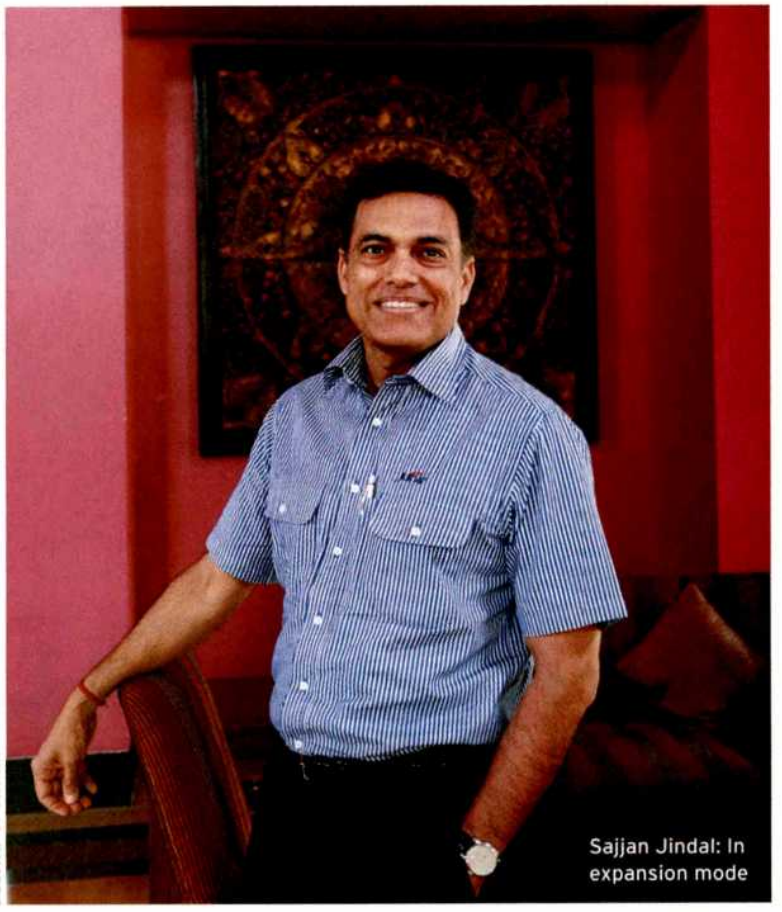
In the Name of the Family

How some of India's biggest and oldest business groups kept the home fires burning in 2009-10. **BY T.V.MAHALINGAM**



DEEPAK G. PAWAR

Sajjan Jindal: In expansion mode

THE O.P. JINDAL GROUP

Wealth created:
Rs 59, 784 crore

Companies in BT 500: Jindal Steel & Power, Jindal SAW, Jindal South West Holdings, JSL Stainless, JSW Steel, JSW Energy

Highest Ranked Company in BT 500: Jindal Steel & Power at No. 11, a jump of three spots

Lowest Ranked Company in BT 500: JSL, at No. 283

What Happened in Fiscal 2010: Naveen Jindal has been acquiring land for a Rs 23,000 crore steel plant in Angul, Orissa. Sajjan Jindal's JSW Energy raised $580 million from public and also acquired majority stake in South African Coal Mining Holding for about Rs 382 crore

THE ADANIS

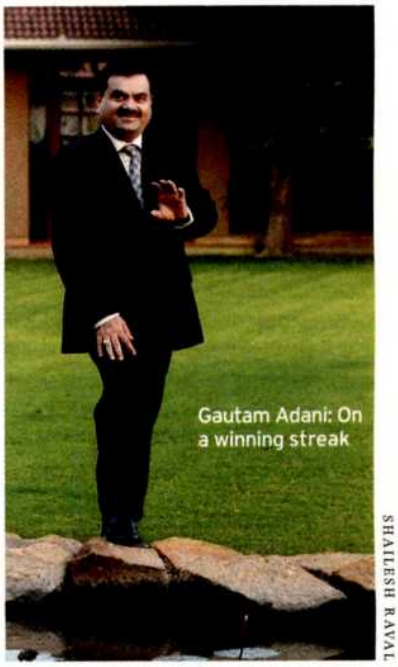
Wealth created:
Rs 36,748 crore

Companies in BT 500: Adani Enterprises, Adani Power, Mundra Port & Special Economic Zone

Highest Ranked Company in BT 500: Adani Enterprises at No. 20, up 20 places

Lowest Ranked Company in BT 500: Adani Power at No. 34

What Happened in Fiscal 2010: A consortium led by the Adanis' Mundra Port won a bid to develop a coal handling terminal at Mormugao port in Goa



Gautam Adani: On a winning streak

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HEMANT CHAWLA

Rahul Bajaj: Riding growth

THE BAJAJS

Wealth created:
Rs 29, 374 crore

Companies in BT 500: Bajaj Auto, Bajaj Holding & Investment, Bajaj FinServ, Bajaj Electricals, Bajaj Finance

Highest Ranked Company in BT 500: Bajaj Auto at No. 25, up 20 places

Lowest Ranked Company in BT 500: Bajaj Finance at No. 291

What Happened in Fiscal 2010: After an abysmal 2009, flagship company Bajaj Auto, posted record growth in sales, exports and profits. Its focus on motorcycle brands, Pulsar and Discover, helped Bajaj Auto post an overall volumes growth of about 30 per cent last fiscal resulting in wealth creation of Rs 20,411 crore

THE MAHINDRAS

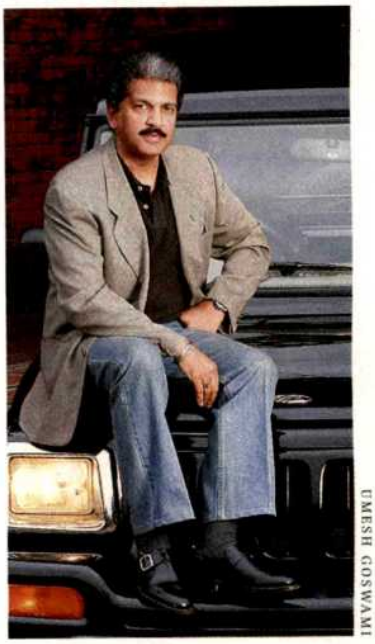
Wealth created:
Rs 23,124 crore

Companies in BT 500: Mahindra & Mahindra, Mahindra Satyam, Tech Mahindra, Mahindra & Mahindra Financial Services, Mahindra Holidays and Resorts, Mahindra Lifespaces, Mahindra Forgings

Highest Ranked Company in BT 500: Mahindra & Mahindra at No. 27

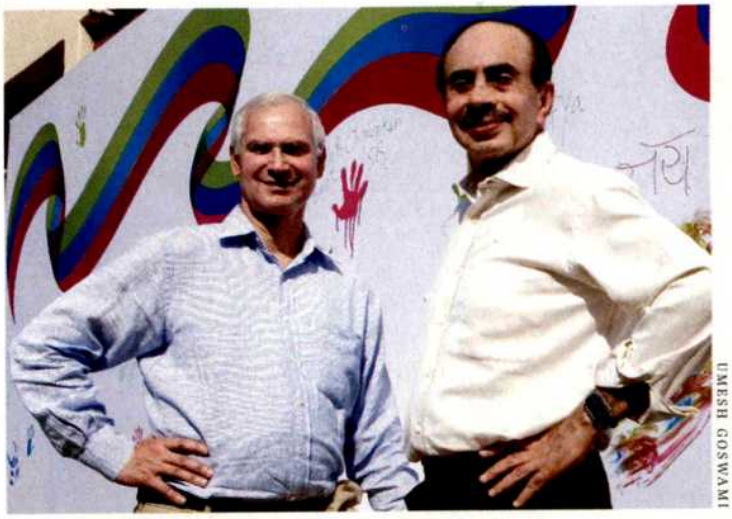
Lowest Ranked Company in BT 500: Mahindra Forgings at No. 445

What Happened in Fiscal 2010: The group took over troubled IT firm Satyam and made its presence felt in the Indian IT space



UMESH GOSWAMI

Anand Mahindra: Into new ventures



UMESH GOSWAMI

Jamshyd (left) & Adi: On an acquisition spree

THE GODREJS

Wealth created:
Rs 12,144 crore

Companies in BT 500: Godrej Consumer Products, Godrej Industries, Godrej Properties .

Highest Ranked Company in BT 500: Godrej Consumer Products at No. 75, 26 places up from last year

Lowest Ranked Company in BT 500: Godrej Properties at No. 161

What Happened in Fiscal 2010: The Godrejs steered the group through multiple acquisitions, an IPO and entered new businesses. In the consumer business, the company expanded its international operations by acquiring companies in Nigeria and Indonesia ◆

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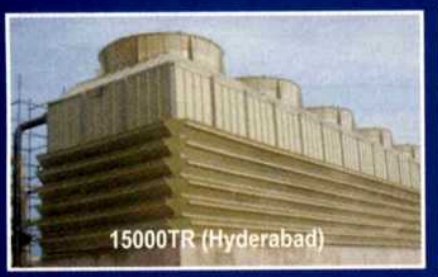
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Agarwal Ad

One up on Dalal Street

The average Joes and Jyotsnas would have made a killing if they had bought shares worth just Rs 10,000 in any of these companies and held them for the long term. **BY RAJIV BHUVA**

Companies	Ten years
Manappuram Gen. Fin. & Leasing	5,088,420
Gujarat NRE Coke	4,716,487
Sesa Goa	4,608,503
Unitech	4,163,825
Era Infra Engg.	3,526,001
Jindal Steel & Power	3,393,331
United Phosphorus	3,165,703
JSW Steel	2,874,170
Lupin	2,396,911
Aban Offshore	2,334,116
Shriram Transport Finance	2,126,191
Jai Corp	2,026,930
Crompton Greaves	1,968,791
Mercator Lines	1,927,364
Nava Bharat Ventures	1,748,812
Hindustan Zinc	1,442,654
Nesco	1,414,389
Bharat Bijlee	1,396,715
Coromandel International	1,336,605
Jain Irrigation Systems	1,296,748
Anant Raj Inds.	1,220,026
Texmaco	1,186,441
Bhushan Steel	1,120,136
Monnet Ispat & Energy	1,111,825
Praj Industries	1,089,735

Figures in Rs

Companies	Five years
Manappuram Gen. Fin. & Leasing	1,155,643
Jai Corp	456,115
Glodyne Technoserve	305,319
Adani Enterprises	212,956
Core Projects & Technologies	202,245
Unitech	182,847
Jindal Steel & Power	154,509
Coromandel International	149,656
KS Oils	148,700
Bhushan Steel	141,478
Amara Raja Batteries	111,123
Whirlpool of India	106,118
Educomp Solutions	100,224
Sterling International Enterprises	96,420
Karuturi Global	94,366
Jindal South West Holdings	90,104
Era Infra Engg.	85,752
Emami	84,073
Bajaj Electricals	81,124
Sesa Goa	78,227
Dhanlaxmi Bank	74,063
Opto Circuits (India)	71,933
LIC Housing Finance	70,784
Exide Industries	70,206
Zuari Industries	69,548

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Manappuram General Finance & Leasing does not roll easily off the tongue, but seasoned investors will remember this company with more than a little fondness. The financial services firm that is based in Thrissur district of Kerala is best known for providing loans against gold. It is also equally known for the handsome returns it has provided both in the short term as well as in the long term. For instance, Rs 10,000 invested in this stock a decade ago is worth a cool Rs 50.88 lakh today.

That is the main takeaway in this fascinating exercise that aims to capture the relative growth of Rs 10,000 invested over four scenarios: One, over a decade; two, over five years; three, the period starting with the day markets crashed to a low of below 8,000 in end-October 2008 till date; and the fourth period we have considered is the past one year.

A look at the mind-boggling figures in the table for 10 years only goes to prove that Warren Buffett was dead right when he said: Only buy something that you would be perfectly happy to hold if the market shut down for 10 years. ◆

Companies	Since October 2008*
VIP Industries	140,418
Manappuram Gen. Fin. & Leasing	120,565
Bajaj Finance	105,721
Zydus Wellness	83,771
Glodyne Technoserve	80,188
Whirlpool of India	76,881
Eicher Motors	69,780
CMC	66,907
Jindal South West Holdings	66,628
Dewan Housing Finance Corp.	66,478
LIC Housing Finance	64,388
SpiceJet	63,810
Tata Motors	63,181
IndusInd Bank	61,208
Supreme Industries	61,106
Core Projects & Technologies	60,900
Aurobindo Pharma	59,781
Jindal Steel & Power	59,760
Lanco Infratech	58,485
Bajaj Auto	57,770
Vardhman Textiles	57,298
McNally Bharat Engg.	55,935
JSW Steel	54,875
Engineers India	54,602
Coromandel International	54,245

Figures in Rs *When the Sensex crashed to under 8,000 from a high of 21,000-plus

Companies	One year
VIP Industries	32,337
Uflex	23,622
Zydus Wellness	22,137
Coromandel International	21,228
United Breweries	21,183
Solvay Pharma India	20,486
Glodyne Technoserve	20,275
Shree Ashtavinayak Cine Vision	19,620
Arshiya International	17,780
M&M Financial Services	17,527
Havells India	16,378
Whirlpool of India	15,942
TVS Motor	15,940
Manappuram Gen.Fin. & Leasing	15,699
Eicher Motors	15,031
Bayer Cropscience	14,867
Bajaj Finance	14,538
Strides Arcolab	14,454
Greaves Cotton	13,931
National Fertilizers	13,851
Tube Investments of India	13,646
Shopper's Stop	13,551
Supreme Industries	13,204
Titan Industries	12,872
Karuturi Global	12,636

Source: CMIE & BT Research

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Pay Check

CEO salaries grew in line with profits in fiscal 2010. **BY RAJIV BHUVA and ANUSHA SUBRAMANIAN**

His salary was the highest in India Inc. in fiscal 2010

Naveen Jindal
Vice Chairman & MD, JSPL

VIVAN MEHRA/www.indiatodayimages.com

Numbers can tell a story pretty well. In financial year 2010 Anil Ambani, Non-Executive Chairman of Reliance Capital and Reliance Communications, picked up a salary of Rs 1 lakh and Rs 3 lakh, respectively, from these two companies. Reason for such austerity: Profits of both companies have taken a knock — Reliance Capital by almost 65 per cent, and Reliance Communications by 90 per cent.

Numbers can sometimes mislead, too. For instance, the pay packet of Kumar Mangalam Birla, Chairman of the Aditya Birla Group, shows a 13,726 per cent jump at one of the group companies he chairs, Aditya Birla Nuvo. Now before you start siding with those who advocate that CEO salaries should be capped, here's a small detail that queers the pitch a bit for the cheerleaders of caps: In financial year 2009, Birla had taken home a princely sum of Rs 1 lakh, as the group battled recessionary conditions. A year later, he upped his salary — but although the hike runs into five figures in percentage terms, the pay he received last year was a moderate Rs 1.38 crore. And that constituted just 0.49 per cent of Aditya Birla Nuvo's net profits.

Section 198 and Section 309 of the Companies Act, 1956 mandates that total remuneration paid to all managerial personnel (managing or whole-time directors) cannot exceed 10 per cent of net profits, while an individual manager's compensation is capped at 5 per cent of net profits.

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TOP 10 BIGGEST HIKES IN SALARIES

CEO	Company	Total Remuneration (Rs Crore)			As % of Net Profit
		FY 2008-09	FY 2009-10	% change	FY 2009-10
Kumar Mangalam Birla	Aditya Birla Nuvo	0.01	1.38	13,726.00	0.49
Azim H. Premji	Wipro	1.45	7.87	440.92	0.16
Sanjeev Aga	Idea Cellular	1.74	7.94	356.49	0.75
Shantanu Prakash	Educomp Solutions	0.84	3.11	270.24	1.40
R Mukundan	Tata Chemicals	0.49	1.379	178.16	0.32
Y. Siva Sagar Rao	JSW Steel	1.08	2.91	169.44	0.14
Gautam Thapar	Crompton Greaves	3.21	8.28	157.90	1.34
Naveen Jindal	Jindal Steel & Power	28.28	69.76	146.67	4.71
Sajjan Jindal	JSW Steel	6.56	14.25	117.23	0.70
Rajiv Singh	DLF	2.72	5.43	99.47	0.71

TOP 10 BIGGEST CUTS IN SALARIES

CEO	Company	Total Remuneration* (Rs crore)	Change in net Profit*
Anil D. Ambani	Reliance Capital	0.01	-64.94
Anil D. Ambani	Reliance Commn.	0.03	-90.03
Ratan Tata	Tata Steel	0.03	-2.98
G.M. Rao	GMR Infrastructure	0.74	-86.23
Ashwin S. Dani	Asian Paints	0.31	113.73
Gautam S. Adani	Mundra Port & SEZ	1.70	52.03
Ashwin Choksi	Asian Paints	0.37	113.74
Gautam S. Adani	Adani Enterprises	1.92	-22.06
Glenn Saldanha	Glenmark Pharma	1.83	-41.05
Ravi Kant	Tata Motors	2.37	120.36

* in 2009-10, Net profit change in %

have done well to stay within those limits, the upswing in the economy has prompted many to opt for a hike as business prospects brighten. Data culled from the BT 500 study reveals that average annual remuneration of the top 93 CEOs of India Inc. has seen a growth of 16 per cent from Rs 5.96 crore in 2008-09 to Rs 6.92 crore in 2009-10. That is in line with the growth in post-tax profits of 17 per cent at these companies.

The CEO who took the biggest package last year was Naveen Jindal, Vice Chairman and Managing Director of Jindal Steel & Power Ltd, or JSPL. He took home almost Rs 70 crore, which was a 147 per cent jump over financial year 2009. Curiously, Jindal chose to opt for this hike in a year in which JSPL's net profit growth slipped by just under 4 per cent. Yet, the hike is not difficult to stomach, because JSPL has shown profits of close to Rs 1,500 crore — which means that Jindal's salary is well under 5 per cent of the company's net profits.

The three names that follow Jindal on the list of highest salaries are all from one company — Hero Honda. Chairman and Managing Director Brijmohan Lall Munjal, Executive Director Pawan Kant Munjal and Joint MD Toshiaki Nakagawa, between the three of them, took home a little over Rs 90 crore. Analysts point out that if Honda does pull out of the joint venture — as has been reported — financial year 2010 could well be the last year of such chunky salaries for the two-wheeler major's top brass.

Are such fat pay cheques fanciful? Not really, says K. Pandiarajan, CEO, Ma Foi Randstad, an executive search and HR consultancy firm: "The promoters usually take fat salaries as part of their tax planning exercise. It reduces the taxes to be paid by the company."

Yet, it helps when you have promoters like Ashwin Dani and Ashwin Choksi of Asian Paints. The company registered a smart 114 per cent growth in profits last fiscal. Yet both slashed their pay packets by over 80 per cent — to Rs 31 lakh and Rs 37 lakh, respectively. ◆

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Fever Pitch

It is a record year for IPOs but for how long can the party last? BY RAJIV BHUVA

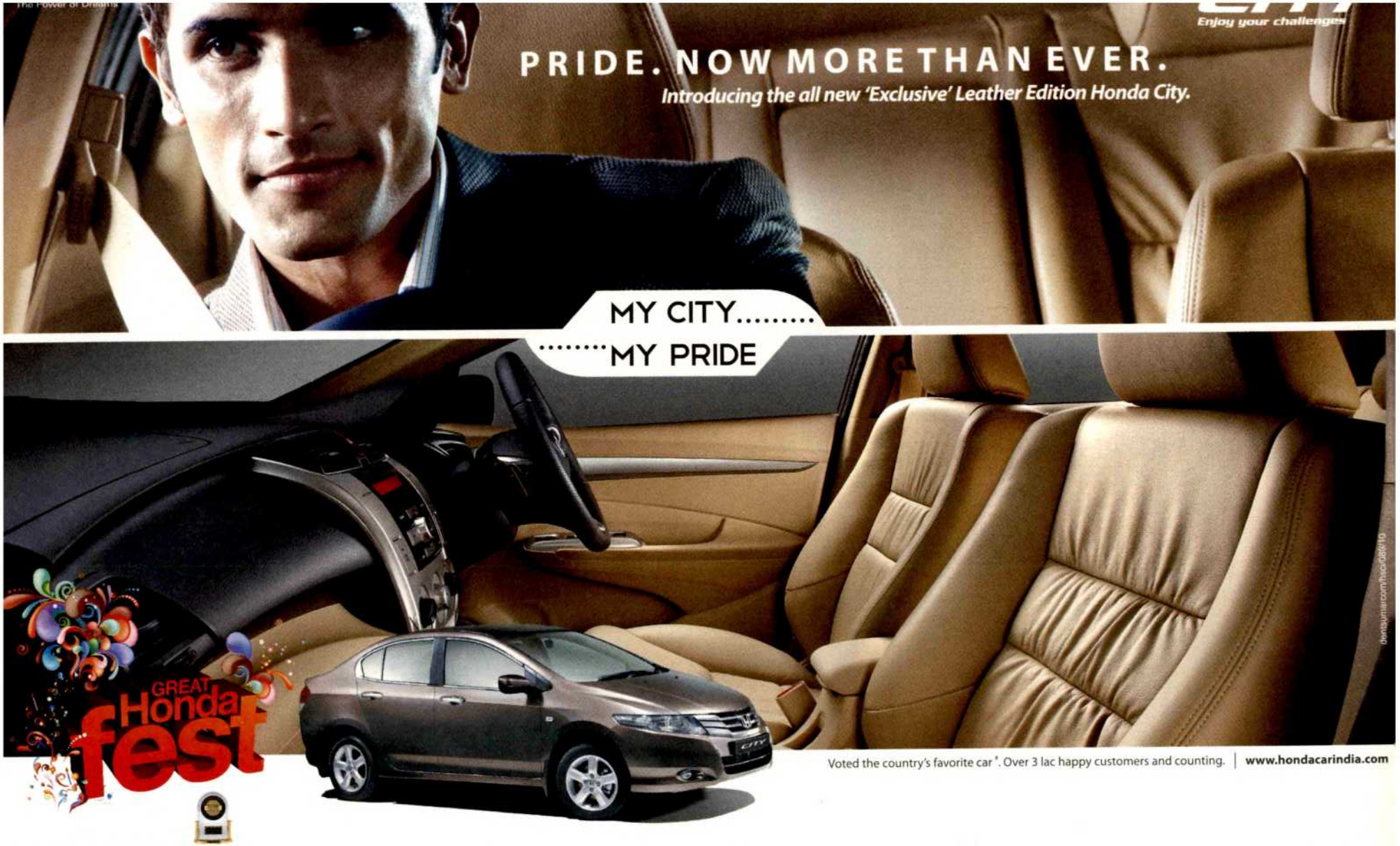
UMESH GOSWAMI

Lunch hour these days is rush hour on Dalal Street. Ever since the benchmark 30-share index, the Sensex, pierced the 20,000 barrier — 32 months after it first touched that mark — people of all hues are gravitating toward the hallowed building that is home to the Bombay Stock Exchange, or BSE.

Some are attracted by the sheer hysteria and choose to gaze fixedly at stock prices flashing outside Phiroze Jee Jee Bhoy Towers. The braver ones want a piece of the frenzied action and encircle the hawkers who are busy doling out forms of initial public offerings, or IPOs — issues of shares — to the public, most of whom are now convinced they can get richer quicker. The herd is back on The Street.

"We are back in business," says a visibly happy vendor as he digs into a stack of IPO forms. "It is unbelievable, but true: the boom is back," beams Umesh Pandey, a 31-year-old mid-level executive with a private bank. In early December 2007, Pandey had opened a dematerialised, or demat, account — which is like a bank account but holds shares instead of money — when the Rs 11,500-crore IPO of Anil Ambani-promoted Reliance Power was around the corner. Just five days before the Reliance Power issue opened for subscription the Sensex touched its all-time high of 21,206.

Pandey would prefer not to remember what happened next. The Reliance Power share price is still



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HONDA

below the issue price, and nine months after that issue the Sensex tumbled to 8,000 levels. "It was a steep crash," says Pandey with a frown.

That experience has not deterred Pandey from participating in the IPO party this time around. He had put in applications for shares in IPOs like Engineers India and SKS Microfinance. And he has had plenty to choose from. According to Prime Database, a firm that tracks primary markets offerings, until September, 56 companies had mopped up close to Rs 40,000 crore via IPOs and follow-on public offerings, or FPOs (see *Primarily Making Merry*). That's not far from Rs 45,000-odd crore raised in 2007 — the highest in any year in the history of Indian capital markets. By the time 2010 ends, however, that record will most surely be erased. Coal India's Rs 15,000 crore IPO coupled with some 40 offerings that have been cleared by market regulator SEBI and are expected to hit the markets in the next two months, will take the 2010 closing figure for IPOs to roughly Rs 50,000 crore.

So what explains the onset of the silly season in the primary markets? Three factors: the first is liquidity, with foreign institutional investors pumping $23.5 billion into Indian equities in 2010 — and still looking for investment candidates in one of the world's fastest-growing markets. The second is the 20,000 peak scaled by the Sensex, which may be as high as the markets can go in this bull run. The third reason stems from the second. As Atul Mehra, MD & Co-CEO, Investment Banking, JM Financial, puts it: "Promoters are in a hurry to IPO because they do not want to be left out (from the boom)."

Yet another shot in the arm for the primary markets is the government's disinvestment of a 10 per cent stake in Coal India, the largest ever IPO in India. And that also explains why there was a rush of public issues before the big one came. "Smaller issuers would prefer to stay out of the ring when a mega-issue is in play," explains Dilip Kadambi, Head of Equity Capital Markets (India) at Royal Bank of Scotland. In a similar vein, D.R. Dogra, MD & CEO at credit rating agency CARE, points out: "When a mega-IPO hits the market, investor appetite for smaller IPOs reduces."

Making an IPO when markets are at near-peak levels has its advantages, but there have been issuers whose thunder has been stolen by Coal India. Consider, for instance, the Hyderabad-based BS Transcomm which debuted with a Rs 200 crore IPO on October 6. Days before the issue opened, Managing Director Rakesh Agarwal declared: "Timing has worked in our favour." It actually didn't quite work out that way. BS Transcomm, which had initially set a price band of Rs 257-266 per share, was forced to lower it to Rs 248-257, as well as extend the issue by three days. That the issue was subscribed only 60 per cent on the erstwhile last day is believed to be the reason for the price revision. Investors seemed to be holding on to their purse strings in anticipation of the Coal India blockbuster.

The good news, however, is that the exuberance at near-peak levels is not totally irrational. Which means that fly-by-night promoters have not descended in a bid to make hay whilst the sun still shines on The Street. "We are far away from that kind of frenzy where anything sells," says Prithvi Haldea, Chairman and Managing Director, Prime Database. "Money is chasing good opportunities and businesses," he adds.

Another positive in this boom is that pricing of issues has not been fanciful — unlike in the past. A CARE Research study of 116 IPOs between August 2007 and August 2010, in end-September, reveals that roughly three-fourths of the IPOs considered in 2007 are currently quoting below the IPO price band, indicating overpric-

PRIMARILY MAKING MERRY

And 2010 has not ended yet.

	Initial Public Offerings		Follow-on Public Offerings		Total	
Year	No. of issues	Issue Amount (Rs crore)	No of issues	Issue Amount (Rs crore)	No of Issues	Issue Amount (Rs crore)
2010	50	16,713	6	22,970	56	39,683
2009	20	19,544	1	23	21	19,567
2008	37	16,904	1	23	38	16,927
2007	100	34,179	6	10,962	106	45,142
2006	73	19,852	19	4,817	92	24,669
2005	53	9,990	19	12,764	72	22,754
2004	25	13,121	9	17,389	34	30,511
2003	12	1,700	2	480	14	2,180
2002	6	1,981	0	0	6	1,981
2001	13	296	0	0	13	296

Source: Prime Database

Note: 2010 figures upto September

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ing. In the current IPO rally, a little under 35 per cent of the issues considered for the study are quoting below issue price.

Yet, many of these IPOs would have benefited from the overall buoyancy in Indian equities — and one could argue that the primary market is riding on the overvaluation of the secondary market. After all, almost every recent IPO has been valued at the Sensex price-earnings ratio (P/E), of 19-20.

Recently, SEBI Chairman C.B. Bhave voiced his concern over the unrealistic pricing of IPOs. The regulator directed investment bankers not to overlook the interests of investors just to maximise returns for promoters as it is the former who get burned when overpriced shares fall when markets turn.

Investment bankers counter that pricing is a subjective issue and depends on market conditions. "The right price is what the buyer is willing to pay," says JM Financial's Mehra. In a bad market, people look at value and in a good market they look at price, he explains. "There is nothing called perfect valuation," says Haldea of Prime Database. Yet, promoters in sectors that have been both culprits and victims of overpricing — like property — would do well to go easy. "We will have to be realistic in pricing our issue," says Jitendra Virani, Chairman and MD of Embassy Property Developments, a Bangalore-based real estate company that is set to tap the IPO market.

If there is one disappointment with the current IPO boom, it is the minimal presence of the retail Joe. According to a study by New Delhi based SMC Capital, oversubscription at the retail level has been 1.61 times for IPOs in 2010 — as against 7.98 times three years ago.

Yet Jagannadham Thunuguntla, Head of Equities at SMC Capital, reckons: "A selective comeback of retail investors is visible." That may also be a sign of danger, because retail investors tend to join the party when it is at its fag end.

How long the IPO party continues is clearly a function of liquidity which, in turn, is a function of capital inflows. S. Ramesh, Chief Operating Officer, Kotak Investment Banking, feels that the disinvestment candidates are lined up to garner Rs 40,000 crore in the current fiscal year and that "will keep the primary markets busy for the next three to four months".

Analysts reckon that if the secondary markets correct, they will do so more because of fundamental tremors in global markets — which may prompt investors to cut back their allocations to emerging markets — than money leaving the secondary market and finding its way into IPOs. And, as Kadambi of RBS says: "If the correction is steep — say 10 per cent — then the momentum in the primary markets will break."

For now, few are leaving things to chance. Not Coal India, for sure. When the IPO was announced last fortnight, six investment bankers, four bureaucrats, two senior office bearers of Coal India and the Minister of State for Coal paraded in front of an enthusiastic media. Kalpana Mittal Baruah, Joint Secretary in the Department of Disinvestment, insists "this is not hard selling". Coal India may have done its homework, but many other wannabe issuers in the private sector will be praying that the Sensex does not run out of fuel in the days ahead. ◆

UMESH GOSWAMI

Atul Mehra, MD, Investment Banking, JM Financial

"Promoters are in a hurry to IPO because they do not want to be left out"

SANER VALUATIONS

Fewer issues are quoting below the IPO price band in 2010 than in 2007.

Year	Sample Size (Number of IPOs)	Lower than Lower IPO Price Band	Within the IPO Price Band	Higher than Upper IPO Price Band
2010	23	35	9	56
2009	13	31	8	61
2008	44	75	0	25
2007	36	75	0	25
Total	**116**	**62**	**3**	**35**

Source: CARE Research

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Pied Pipers of Primary Market

Companies with unique business models got listed in 2009-10 and made investors rich. BY ANAND ADHIKARI

SHEKHAR GHOSH/www.indiatodayimages.com

A pizza maker, a homegrown health club chain, a microfinance institution, a coaching institute and a time-sharing resort network are as disparate as they come, but there are a couple of strands that bind these businesses together. One, they all offered shares to the Indian public in 2009. Two, they are all unique models to join the ranks of nearly 5,000 companies listed on Indian stock exchanges. In the process, they've opened up new sectors — and high-growth ones at that — for investors looking to diversify their risks.

Say hello to Jubilant FoodWorks, Talwalkars Better Value Fitness, SKS Microfinance, Career Point and Mahindra Holidays & Resorts — those

who have invested in these trailblazers are laughing all the way to their demat accounts.

Consider, for instance, Talwalkars, which has made investors in the stock richer by 80 per cent in six months. The company made an offer of Rs 128 a share, debuted at Rs 155, and, last fortnight, was quoting at Rs 230 levels.

Investors see bright prospects for this company — as do its promoters. "Even in the Salman Khan starrer *Dabangg*, they have shown a traditional gym or an *akhara*," says 42-year-old Anant Ratnakar Gawande, one of the Co-promoters of Talwalkars Better Value Fitness. The other promoter is the Talwalkar family itself, represented by the second generation Prashant Talwalkar. The seven-year-old chain with a 75-year-old "Talwalkars" brand is a pioneer of sorts in the fitness sector. Says Gawande, "We want our fitness centres to do what Titan's Tanishq did to gold and jewellery."

Talwalkars has given investors yet another avenue to put their money in a sector that is benefiting from higher awareness and more purchasing power. As is Jubilant FoodWorks, the master franchisee for Domino's Pizza.

Ajay Kaul, CEO, Jubilant FoodWorks, says: "Investors are riding on the India consumption story."

Companies such as Talwalkars and Jubilant are doing what a Bharti did earlier in the decade — provide investors with an opportunity to put their money in a high-growth sector. Yet, the heady valuations of some of these companies make you wonder what kind of growth these promoters are in for. Consider, for instance, Jubilant FoodWorks, which is trading at a

"We want our fitness centres to do what Titan's Tanishq did for branded jewellery"

Anant Gawande (right), Co-promoter & CFO, and Prashant Talwalkar, Co-promoter & CEO, Talwalkars Better Value Fitness

RACHIT GOSWAMI

mind-boggling price-earnings multiple (P/E) of close to 90, as against the broader market P/E of 20. The 50-year-old Domino's Pizza Inc, which listed on the New York Stock Exchange six years ago, trades at a P/E of less than 10. Even Talwalkars enjoys a P/E of 84. Gawande believes that much of the growth to justify the valuation will come from the non-metros.

One new listing to come under intense scrunity is SKS Microfinance, after the recent sacking of its CEO. The share has dipped close to 30 per cent since the controversy broke out, and questions are being raised about the lack of transparency and the sustainability of the business model itself. "Great companies need not necessarily be great investments," Saikiran Pulavarthi, a research analyst with Indiabulls Securities, wrote recently. Scalability, he feels, is a challenge for the sector. "And there are questions as to how to value an unsecured lending business. It is a big risk," says Pulavarthi.

Kaul of Jubilant FoodWorks is on a smoother road. "We are actually the fastest-growing Domino's franchisee in the world," says Kaul, who has 300 Domino's outlets in India. He is not satisfied with that, pointing to the fact that KFC has 3,000 outlets and McDonald's 1,200 in China. Clearly, whether it is fitness or coaching or fast food or finance, the key to meeting investor expectations lies in scaling up, profitably. ◆

LEADING THE WAY

New IPO, Industry	Market Capitalisation (Rs crore)
Jubilant FoodWorks *Food Franchisee*	3,354
Talwalkars Better Value Fitness *Gym & Fitness*	583
SKS Microfinance *Microfinance*	8,827
Career Point Infosystems *Direct Coaching*	1,057
Mahindra Holidays & Resorts *Time-sharing Resort*	3,958

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Leaders and Laggards

The BT 500 listings for 2010 have had their share of surprises — pleasant or otherwise. Companies and sectors that were out on a limb till last year have bounced back. Conversely, industries and businesses that were considered epitomes of growth and value creation stumbled. Whilst the automobiles, commodities and IT services were beneficiaries of a turnaround, telecom and real estate seem to have lost their magic touch. Our writers cut through the listings to pull out three trends — of outperformance and underperformance. The first: Axis Bank grows faster than the Top 2 in the private sector and closes the gap in rankings. Second: The telecom pack came crashing down as user revenues dipped. Third, and perhaps most fascinating, is the battle for the top spot in market value in IT services. Read on.

Mover and Shikha

The fruits of consistent growth are indeed sweet. Ask Shikha Sharma, Managing Director & CEO, Axis Bank. Over five years, India's third-largest private sector bank has grown at a compounded annual rate of 34 per cent in deposits, 46 per cent in advances, 47 per cent in revenues and 50 per cent in profits. That feat is reflected in the BT 500 rankings, where Axis Bank has been one of the bigger climbers in the banking space. The 17-year-old bank is the fourth-largest in market capitalisation, which stands at a shade under Rs 53,000 crore as per the BT 500 — with SBI, ICICI Bank and HDFC Bank ahead of it (SBI has been ranked separately in the PSU listings).

The big question, of course, is whether Axis will be able to sustain the growth momentum on a higher base. In Axis's favour is a strong distribution network (1,095 branches and 2,044 ATMs), which translates into a higher share of low cost deposits. On the assets side, the bank has plenty of headroom to grow its retail book, which is just 20 per cent of the total advances. For ICICI Bank and HDFC Bank, the corresponding numbers are 60 per cent and 52 per cent, respectively. So, what is the downside? "One of the biggest challenges for the bank is to keep its asset quality in check with 20 per cent of the loan book in the small and medium enterprises segment," warns Sanjeev Patkar, Director (research) at Almondz Global Securities, an equity research firm. The good news is that Axis is a pure organic growth story with no signs of excesses in various pockets. Watch out ICICI and HDFC Bank. ◆

ANAND ADHIKARI

ON A HIGH

Axis gets closer to private sector leaders ICICI Bank and HDFC Bank

Bank	2010 BT 500 ranking	2009 BT 500 ranking	Growth in market cap in 2010 (%)
Axis Bank	15	21	90
HDFC Bank	9	10	60
ICICI Bank	7	7	38

Source: BT 500

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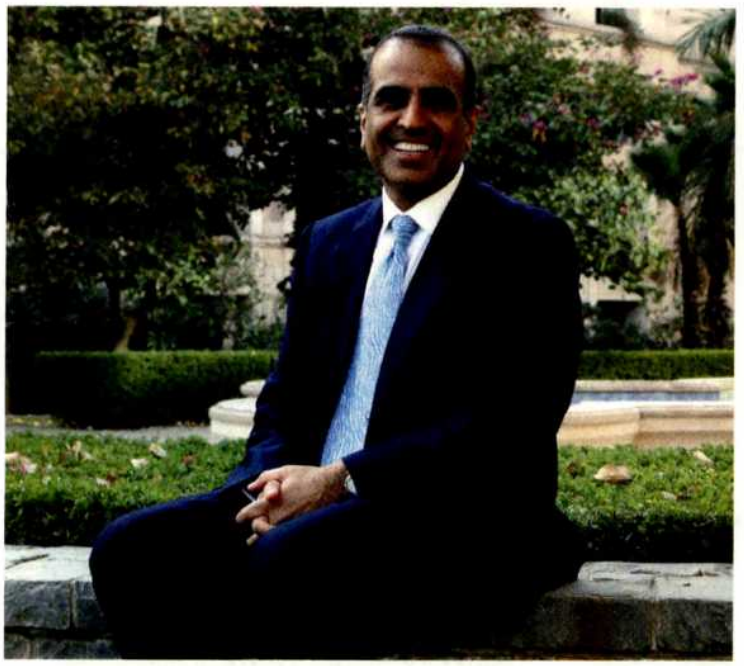


Hello, Wrong Number

The top three listed telecom companies Bharti Airtel, Reliance Communications and Idea Cellular together have lost just under Rs 60,000 crore in market value, a collective drop of a little over 25 per cent as per the BT 500. The value erosion for Bharti stands at 24 per cent, at 38 per cent for RCom. and six per cent for Idea. Tata Teleservices (Maharashtra) is also down 30 per cent. What is more, Bharti tops the list of losers in market capitalisation in absolute terms with RCom at No 3 on that list. Clearly, the disenchantment of investors is reflective of the tough times the telecom operators are facing. According to Kedar Sohoni, President of Informate Mobile Intelligence, the operators face difficulties on multiple fronts. "While the average revenue per user is dropping, SMS revenues have also stagnated. Today people have alternatives to access the Internet through Wi-Fi at home and office," explains Sohoni.

The launch of 3G services will play a vital role in determining the future of mobile services. As Sohoni explains, while the rural markets for mobile will keep expanding, the saturated urban markets still have the liberty to spend Rs 200 to Rs 300 more every month for a new service; that maybe the entire budget for a rural user for more than a month. The upshot: for the telecom biggies, the battleground shifts to the cities again. ◆

SUMAN LAYAK

ALL FALL DOWN

The value of the top three telecom service providers dropped by a fourth

Company	2010 BT 500 ranking	2009 BT 500 ranking	Growth in market cap in 2010 (%)
Bharti Airtel	4	2	-24
Reliance Comm	26	12	-38
Idea Cellular	45	28	-6

Source: BT 500

Goliath vs Goliath

It is almost a photo finish at the top between IT services giants TCS and Infosys. The Bangalore-based Infosys has managed to pip its Mumbai-based, larger rival, TCS, yet again — but by a whisker. Whilst the BT 500 is based on the average market value in the first half of the current fiscal year, at the time of writing on October 20, TCS was ahead of Infosys by Rs15,419 crore.

In the BT 500, both Infosys and TCS have climbed up a place, to No 2 and No 3, respectively. But growth in value over a year ago has been faster for TCS, at 91 per cent as against 52 per cent for Infosys. The gap in market capitalisation has reduced from Rs 21,869 core in the BT 500 of 2009 to just Rs 239 crore this year. TCS's efforts to improve margins have found investor-favour. Analysts also cite the fact that longer term hedging contracts — three year-plus — have worked in TCS's favour as the rupee has appreciated. Infosys on the other hand works on shorter such contracts. If TCS has to make a decisive move ahead, it will have to continue to outdo Infosys in volume and margin growth. And that is no easy task. ◆

T.V. MAHALINGAM

CLOSE RACE...

... although TCS created more value

Company	2010 BT 500 ranking	2009 BT 500 ranking	Growth in market cap in 2010 (%)
Infosys	2	3	52
TCS	3	4	91

Source: BT 500

Winners All

Leaders through the years

1992	Tata Steel
1994	RIL
1996	Telco
1998	HLL
2000	HLL
2002	HLL
2004	RIL
2006	RIL
2008	RIL
2009	RIL
2010	**RIL**

1992	ITC
1994	HLL
1996	HLL
1998	RIL
2000	Wipro
2002	Wipro
2004	TCS
2006	TCS
2008	Bharti Airtel
2009	Bharti Airtel
2010	**Infosys**

1992	TELCO
1994	ITC
1996	RIL
1998	ITC
2000	HCL Tech
2002	RIL
2004	Infosys
2006	Infosys
2008	Infosys
2009	Infosys
2010	**TCS**

Century Textiles	1992
Colgate-Palmolive	1994
IDBI	1996
Tata Motors	1998
Infosys	2000
Infosys	2002
Wipro	2004
Bharti	2006
Reliance Comm	2008
TCS	2009
Bharti Airtel	**2010**

HLL	1992
TISCO	1994
TISCO	1996
Bajaj Auto	1998
ITC	2000
ITC	2002
HLL	2004
Wipro	2006
DLF	2008
L&T	2009
ITC	**2010**

SLICED & DICED

152 Colgate-Palmolive (India)

125 Nestle India

86 Hindustan Unilever

81 Castrol India

70 Tata Teleservices (Maharashtra)

83 Tata Investment Corporation

80 DB Realty

74 Jaypee Infratech

72 IRB Infrastructure Developers

71 Anant Raj Inds.

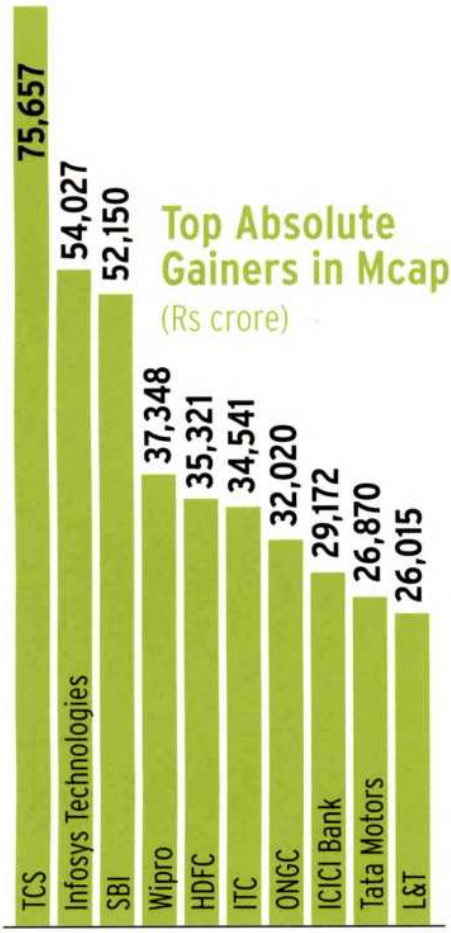
ıftware

ıny	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
;ys Technologies	158,923	22,426	5,803
	158,684	23,449	5,619
o	100,267	23,929	4,898
Technologies	26,077	5,256	1,056
le Fin. Services Software	18,053	2,335	661
ɜsiS	13,014	3,511	837
ndra Satyam	10,527	8,415	1,716
Mahindra	9,127	4,591	743
i Computer Systems	6,757	1,853	543
ɔcial Technologies (India)	6,315	654	344

include companies from BT PSU 50

FMCG

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
1	5	ITC	113,773	27,061	4,062
2	14	Hindustan Unilever	55,842	19,001	2,202
3	32	Nestle India	28,241	5,267	655
4	42	Asian Paints	22,989	5,952	775
5	62	Dabur India	17,037	2,935	433
6	75	Godrej Consumer Products	10,983	1,345	248
7	76	Colgate-Palmolive (India)	10,913	2,124	423
8	102	GSK Consumer Healthcare	7,282	2,117	233
9	112	P&G Hygiene & Healthcare	6,750	986	180
10	125	Emami	5,987	1,049	63



GRAPHICS BY KULDEEP

BT 50

Top 10 Companies by Return on Net Worth (%)

21 Bajaj Corp

Top 10 Companies by Profit as % of Sales

90 Bajaj Holding Investment

Banking Services

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
1	7	ICICI Bank	105,373	34,002	4,025
2	9	HDFC Bank	94,203	19,984	2,949
3	15	Axis Bank	52,866	15,612	2,515
4	33	Kotak Mahindra	28,202	4,010	563
5	82	YES Bank	10,011	2,951	478
6	93	IndusInd Bank	8,554	3,295	350
7	132	Federal Bank	5,648	4,326	465
8	172	ING Vysya Bank	3,942	2,860	242
9	201	Karur Vysya Bank	3,195	2,005	336
10	271	Karnataka Bank	2,164	2,373	167

All market cap figures are for April 1 to September 30, 2010 period

Rank	BT 1000 Rank 2010	C
	2	I
	3	T
	8	V
	37	H
	52	C
	69	M
	79	M
	88	T
9	111	F
10	122	F

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Customization to offer build-to-suit investment solutions

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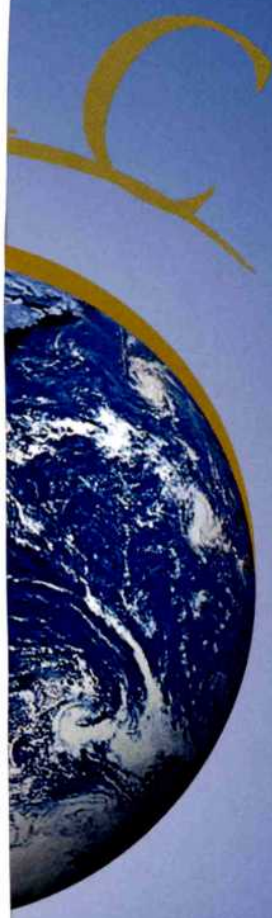
Public Issue of Debt	QIP of Equity	Investment Management
Project Finance & Loan Syndication	Private Placement of Equity	
	Mergers & Acquisitions	

*Services offered by A. K. Wealth Management Pvt. Ltd. | **Services offered by A. K. Stockmart Pvt. Ltd. - SEBI Registration No. NSE - INB/F/ 231269532 | BSE – INB 011269538 | CDSL - IN-DP-CDSL-458-2008
A. K. Capital Services Ltd. is the holding company of A. K. Stockmart Pvt. Ltd. and A. K. Wealth Management Pvt. Ltd.



Our Achievements

A. K. Capital Services Ltd.# is ranked 12th among the top 100 fastest growing small companies by ET Intelligence Group (ETIG) - 2010

A. K. Capital Services Ltd. won 15th National Level Entrepreneurship Excellence Award - 2010 in financial service sector

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Top 10 Companies by Mcap

Reliance Industries	336,786
ONGC	258,801
NTPC	166,343
Infosys Technologies	158,923
TCS	158,684
SBI	157,989
MMTC	148,811
BHEL	119,066
Bharti Airtel	114,928
ITC	113,773

Top 10 Companies by Absolute Profit

ONGC	16,768
Reliance Industries	16,236
Indian Oil Corp.	10,219
Bharti Airtel	9,426
SBI	9,166
NTPC	8,728
SAIL	6,754
Infosys Technologies	5,803
TCS	5,619
Tata Steel	5,047

Automobile Ancillaries

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
1	57	Bosch	17,197	5,568	591
2	104	Bharat Forge	7,121	1,982	127
3	124	Motherson Sumi Systems	5,997	1,961	178
4	185	Amtek Auto	3,596	1,195	152
5	330	Wabco-TVS (India)	1,655	660	78

Oil & Gas

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
1	1	Reliance Industries	336,786	203,627	16,236
2	12	Cairn India	59,735	172	-69
3	53	Essar Oil	17,661	43,278	29
4	78	Castrol India	10,688	2,795	381
5	170	Gujarat Gas	4,038	1,465	175
6	175	Aban Offshore	3,838	1,364	280
7	210	Hindustan Oil Exploration	2,936	183	42
8	280	Shiv Vani Oil & Gas Exploration	2,038	1,089	92
9	481	Gulf Oil Corp.	795	1,126	45
10	490	Savita Oil Technologies	752	1,360	86

Infra & Construction

ank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
	6	Larsen & Toubro	106,070	39,639	4,375
2	35	Jaiprakash Associates	27,155	12,084	1,712
3	64	Lanco Infratech	15,607	4,098	265
4	87	IRB Infrastructure Dev.	9,142	78	56
5	141	BGR Energy Systems	5,039	3,101	201
6	150	IVRCL Infra & Projects	4,590	5,579	70
	158	Punj Lloyd	4,453	7,542	367
8	159	Nagarjuna Construction	4,452	4,896	233
9	160	Alstom Projects India	4,421	2,123	167
10	171	Era Infra Engg.	3,985	3,489	279

Power

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit 2009-10
1	21	Reliance Power	38,293	388	273
2	30	Tata Power	30,941	7,445	939
3	34	Adani Power	27,654	467	171
4	36	Reliance Infra	26,776	11,171	1,139
5	46	JSW Energy	20,329	2441	847
6	63	Torrent Power	15,648	5,964	837
7	66	Jaiprakash Power Ventures	14,294	728	252
8	105	GVK Power & Infra	7,050	60	22
9	126	Indiabulls Power	5,870	147	106
10	143	CESC	4,897	3,560	433

Real Estate

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit
	16	DLF	52,344	3,234	765
	48	Unitech	19,696	2,222	525
	72	Jaypee Infratech	11,774	662	487
	81	DB Realty	10,114	285	227
	85	Housing Dev. & Infra	9,662	1,600	597
	113	Indiabulls Real Estate	6,673	141	17
	161	Godrej Properties	4,344	357	122
	178	Sunteck Realty	3,779	18	7
9	179	Anant Raj Inds.	3,679	336	237
10	180	Ackruti City	3,660	601	174

Steel

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit
	11	Jindal Steel & Power	62,371	8,148	1,480
	17	Tata Steel	49,280	28,046	5,047
	44	JSW Steel	21,485	20,028	2,023
	107	Bhushan Steel	6,998	6,122	846
	133	Jindal Saw	5,616	7,073	730
	140	Welspun Corp.	5,107	6,965	540
	151	Jai Corp.	4,581	480	61
	221	Maharashtra Seamless	2,736	1,744	285
	257	Monnet Ispat & Energy	2,317	1,759	216
10	258	Ispat Industries	2,316	9,592	-688

Auto

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Ne Pro
1	19	Tata Motors	43,652	40,390	2,24
2	22	Maruti Suzuki India	38,048	33,115	2,49
3	23	Hero Honda Motors	38,036	17,760	2,23
4	25	Bajaj Auto	35,264	12,675	1,70
5	27	Mahindra & Mahindra	34,673	20,816	2,08

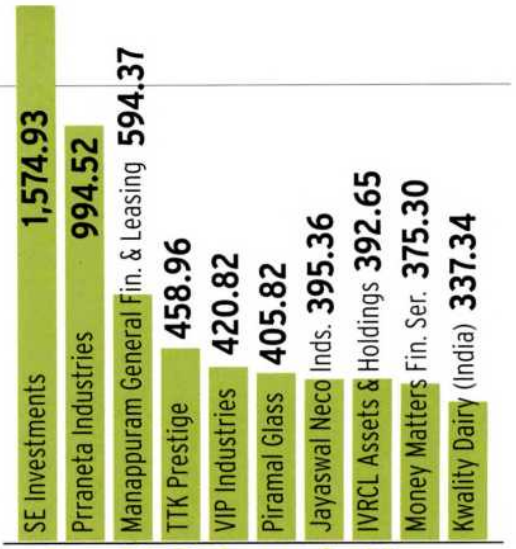
Sugar

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit
1	157	Shree Renuka Sugars	4,483	2,326	144
2	192	EID-Parry (India)	3,345	1,336	206
3	224	Triveni Engg. & Inds.	2,725	2,028	170
4	261	Bajaj Hindusthan	2,280	2,028	155
5	270	Balrampur Chini Mills	2,168	1,862	227

Telecommunication

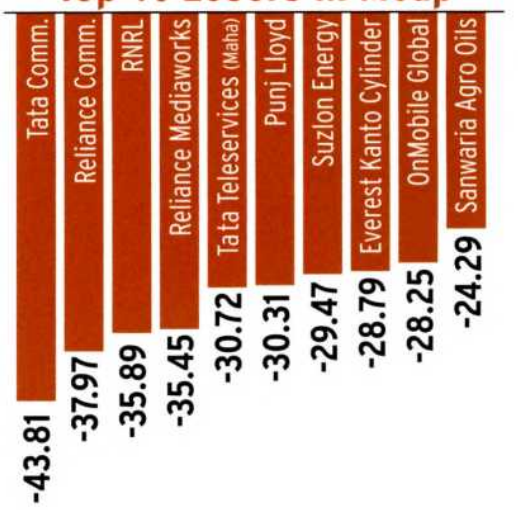
Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Ne Prof
1	4	Bharti Airtel	114,928	36,838	9,42
2	26	Reliance Comm.	35,063	16,680	47
3	45	Idea Cellular	21,295	12,438	1,05
4	97	Tata Comm.	8,107	3,987	48
5	163	Tata Teleservices (Maha)	4,251	2,284	-29

Presenting some quick takes from the listings with the help of easy-to-digest dissections of the numbers across several parameters as well as a look at the top 10 companies in key sectors of the Indian economy.



Top % Gainers in Mcap

Top % Losers in Mcap



69 Bajaj Auto

62 Hero Honda Motors

58 Dabur India

57 Asian Paints

70 Reliance Power

66 Motilal Oswal Fin. Services

62 Jindal South West Holdings

53 Financial Tech. (India)

Cement

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit
1	51	Ambuja Cements	18,167	7,986	1,218
2	60	ACC	16,589	9,010	1,607
3	65	UltraTech Cement	15,076	7,852	1,093
4	106	Shree Cement	7,032	4,158	676
5	155	Century Textiles & Inds.	4,492	5,040	339
6	188	India Cements	3,516	4,107	351
7	212	Birla Corporation	2,885	2,514	557
8	214	Prism Cement	2,841	3,015	253
9	237	Madras Cements	2,567	3,108	354
10	319	Dalmia Bharat Sugar & Inds.	1,757	2,406	137

Pharma

Rank	BT 1000 Rank 2010	Company	Mkt. Cap Apr.-Sept. 2010	Sales 2009-10	Net Profit
1	24	Sun Pharma Inds.	35,865	2,704	899
2	38	Cipla	26,059	5,860	1081
3	41	Dr. Reddy's Lab	23,005	5,046	846
4	49	Ranbaxy Lab	19,497	5,898	572
5	58	GSK Pharma	16,984	2,116	512
6	61	Lupin	16,320	3,753	649
7	70	Cadila Healthcare	12,628	2,490	503
8	80	Piramal Healthcare	10,500	2,856	443
9	84	Divi's Lab	9,712	967	344
10	101	Glenmark Pharma	7,431	1,108	128

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Best exchange value through ADVANTAGE

Newcomers to the BT 500

RANK 2010	2009	
46	NL	JSW Energy
72	NL	Jaypee Infratech
81	NL	DB Realty
86	NL	SKS Microfinance
121	NL	Pipavav Shipyard
126	NL	Indiabulls Power
128	NL	IL&FS Transportation
152	NL	DB Corp
161	NL	Godrej Properties
193	NL	Cox & Kings
215	NL	Hathway Cable & Datacom
223	NL	Den Networks
246	NL	Jubilant Foodworks
260	NA	IVRCL Assets & Holdings
262	NL	Responsive Industries
274	NL	Bajaj Corp
311	NL	ARSS Infrastructure
326	NL	Persistent Systems
333	NL	Man Infraconstruction
341	561	Money Matters Fin.
355	515	Cholamandalam Invest.
361	NL	Vascon Engineers
362	NL	Hindustan Media Ventures
365	536	Solvay Pharma India
368	NL	Veritas (India)
395	NA	Sigrun Holdings
419	711	VIP Industries
423	702	Jayaswal Neco Inds.
424	NL	Aqua Logistics
425	NA	Prraneta Industries
426	508	TRF
435	514	McNally Bharat Engg. Co.
439	504	Elgi Equipments
440	567	Kemrock Industries
442	543	Hindustan Dorr-Oliver
443	774	TTK Prestige
444	512	Kennametal India
445	505	Mahindra Forgings
446	574	Ushdev International
452	506	Sarda Energy & Minerals
456	516	Kiri Dyes & Chemicals
459	NL	Shree Ganesh Jewellery
460	617	Marg
462	758	Piramal Glass
469	NL	DQ Entertainment (Intn.)
474	529	Unity Infraprojects
475	542	Magma Fincorp
477	593	Nectar Lifesciences
478	533	Zylog Systems
484	521	JB Chemicals & Pharma.
485	653	Surana Industries
486	675	Banco Products (India)
488	NL	Infinite Comp. Solutions
490	609	Savita Oil Technologies
491	540	Federal-Mogul Goetze
492	633	Aegis Logistics
494	648	OCL Iron & Steel
496	507	Hinduja Ventures
500	509	Essel Propack

NL=Not listed NA=Not available

Displaced from the BT 500

RANK 2010	2009	
501	421	Mastek
505	353	Aptech
507	456	Alembic
511	340	New Delhi Television
513	477	Elder Pharmaceuticals
515	442	PSL
517	454	Titagarh Wagons
518	418	Delta Corp
519	370	Cambridge Solutions
522	473	Oscar Investments
523	459	Wire & Wireless (India)
525	351	Varun Shipping Co.
526	446	Lakshmi Energy & Foods
528	445	Ajmera Realty & Infra India
531	497	Hikal
534	491	Kirloskar Pneumatic Co.
536	307	Indiabulls Securities
537	481	Assam Company India
541	428	Provogue (India)
542	362	ICSA (India)
550	492	Bharat Bijlee
555	386	Noida Toll Bridge Co.
561	494	Gati
568	488	Indo Rama Synthetics
569	474	Dynamatic Technologies
577	321	Sandur Manganese
578	470	Seamec
580	420	Sanghi Industries
582	464	TV Today Network
583	365	Shristi Infra. Devp. Corpn.
595	463	Himachal Futuristic Comm.
597	455	Forbes & Co.
601	465	Modern India
606	480	HFCL Infotel
627	486	Emco
636	498	Bartronics India
658	316	Zee News
702	390	KSL & Industries
710	330	Mavens Biotech
740	422	Tanla Solutions
748	395	PVP Ventures
831	443	Cals Refineries
956	323	Austral Coke & Projects

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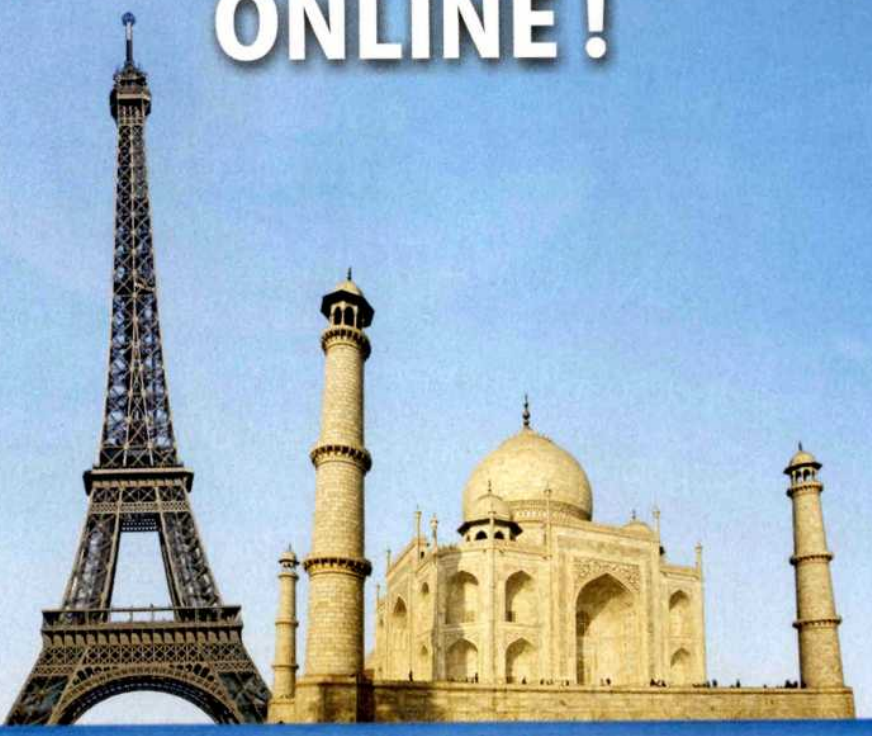

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RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
1	1	Reliance Industries	336,786	315,057	6.90	328,899	268,448
2	3	Infosys Technologies	158,923	104,896	51.51	123,247	84,595
3	4	Tata Consultancy Services	158,684	83,027	91.12	111,329	67,808
4	2	Bharti Airtel	114,928	151,480	-24.13	135,152	139,238
5	6	ITC	113,773	79,232	43.60	87,581	69,928
6	5	Larsen & Toubro	106,070	80,055	32.50	87,867	61,349
7	7	ICICI Bank	105,373	76,201	38.28	86,777	62,775
8	9	Wipro	100,267	62,920	59.36	79,598	50,401
9	10	HDFC Bank	94,220	58,899	59.97	67,757	45,171
10	8	Housing Development Finance Corpn.	86,329	64,329	34.20	69,710	55,380
11	16	Jindal Steel & Power	62,371	39,028	59.81	50,965	22,430
12	15	Cairn India	59,735	44,025	35.69	48,167	38,817
13	14	Sterlite Industries (India)	58,763	46,083	27.51	57,408	34,908
14	13	Hindustan Unilever	55,842	55,615	0.41	56,057	52,359
15	21	Axis Bank	52,866	27,875	89.65	34,753	21,783
16	11	DLF	52,344	58,115	-9.93	59,458	63,970
17	19	Tata Steel	49,280	30,699	60.53	40,747	33,280
18	22	Hindustan Zinc	45,056	27,139	66.02	36,697	19,461
19	39	Tata Motors	43,652	16,783	160.10	24,899	13,830
20	40	Adani Enterprises	38,749	16,008	142.07	18,822	12,315
21	17	Reliance Power	38,293	38,067	0.59	36,857	40,691
22	18	Maruti Suzuki India	38,048	33,555	13.39	38,078	18,716
23	20	Hero Honda Motors	38,036	28,319	34.31	31,037	16,173
24	25	Sun Pharmaceutical Inds.	35,865	25,457	40.88	28,265	26,184
25	45	Bajaj Auto	35,264	14,853	137.43	19,508	7,162
26	12	Reliance Communications	35,063	56,524	-37.97	47,190	70,504
27	34	Mahindra & Mahindra	34,673	19,706	75.95	24,430	11,518
28	42	Sesa Goa	31,551	15,374	105.22	23,037	9,889
29	43	Hindalco Industries	31,492	15,242	106.61	21,323	14,650
30	24	Tata Power Co.	30,941	25,826	19.80	28,821	21,040
31	32	Mundra Port & Special Economic Zone	29,802	21,254	40.22	22,650	19,221
32	36	Nestle India▲	28,241	18,738	50.72	21,834	15,108
33	31	Kotak Mahindra Bank	28,202	21,381	31.90	24,225	16,550
34	29	Adani Power	27,654	22,195	24.60	22,173	NL*
35	23	Jaiprakash Associates	27,155	26,435	2.72	27,828	15,634
36	27	Reliance Infrastructure❑	26,776	24,118	11.02	24,365	18,691
37	46	HCL Technologies▼	26,077	14,313	82.18	18,770	12,768
38	35	Cipla	26,059	19,703	32.26	22,668	15,997
39	41	Infrastructure Development Finance Co.	24,309	15,765	54.19	18,113	11,723
40	44	Siemens◆	24,163	14,957	61.56	17,801	13,390
41	53	Dr. Reddy's Laboratories	23,005	12,173	88.98	15,519	8,996
42	54	Asian Paints	22,989	11,224	104.83	14,100	9,958
43	26	GMR Infrastructure	22,988	24,971	-7.94	24,257	16,950
44	56	JSW Steel	21,485	10,920	96.75	14,906	10,150
45	28	Idea Cellular	21,295	22,633	-5.91	20,473	20,726
46	NL	JSW Energy	20,329	NL	na	17,973	NL
47	30	Grasim Industries	19,803	21,520	-7.98	22,408	15,513
48	38	Unitech	19,696	17,755	10.93	18,723	20,072
49	55	Ranbaxy Laboratories▲	19,497	11,165	74.63	15,075	13,402
50	33	Reliance Capital	18,433	19,830	-7.05	20,081	21,554

For Key to Tables see Methodology on pg 152

Leave out the banks and Reliance Industries (No. 1) and Reliance Communications (No. 26) are most asset-heavy

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
251,249	2	203,627	148,516	1	16,236	15,309	1	7.97	12.32	8.81	53.25
26,066	26	22,426	21,478	12	5,803	5,819	3	25.88	27.53	27.53	103.9
22,503	32	23,449	22,799	11	5,619	4,696	4	23.96	39.26	39.16	30.14
60,109	8	36,838	34,539	5	9,426	7,744	2	25.59	29.49	25.04	22.83
23,357	30	27,061	23,827	9	4,062	3,268	8	15.01	29.09	28.97	5.54
47,870	10	39,639	36,458	4	4,375	3,482	7	11.04	28.4	20.67	56.10
363,867	1	34,002	39,994	6	4,025	3,758	10	11.84	7.4	2.66	36.35
30,214	21	23,929	22,188	10	4,898	2,974	6	20.47	32.11	28.62	19.62
222,557	3	19,984	19,803	16	2,949	2,245	11	14.76	16.28	10.48	73.04
116,691	5	11,620	11,144	29	2,842	2,297	12	24.45	19.95	2.92	21.23
20,175	38	8,148	8,674	41	1,480	1,536	27	18.16	24.24	12.66	17.30
33,516	18	172	298	1171	-69	54	2910	-40.05	-0.26	-0.25	-0.81
29,734	22	15,074	13,346	22	824	1,236	45	5.47	5.97	5.57	4.12
9,519	67	19,001	22,524	17	2,202	2,496	17	11.59	86.1	86.12	9.66
180,681	4	15,612	13,813	21	2,515	1,815	13	16.11	17.66	7.91	70.88
28,951	23	3,234	3,880	112	765	1,578	48	23.66	5.92	3.37	5.16
74,457	7	28,046	27,495	8	5,047	5,202	5	17.99	14.92	8.42	64.69
20,224	36	9,160	7,105	37	4,041	2,728	9	44.12	24.84	24.84	99.72
51,264	9	40,390	30,176	3	2,240	1,017	15	5.55	16.33	9.52	58.71
7,439	90	11,761	11,825	28	254	326	129	2.16	12.47	6.69	2.21
14,132	47	388	335	773	273	249	121	70.41	1.96	1.96	1.32
21,602	34	33,115	24,302	7	2,498	1,219	14	7.54	23.18	22.08	82.36
8,523	81	17,760	14,472	19	2,232	1,282	16	12.57	61.6	60.4	111.34
6,602	97	2,704	4,114	135	899	1,265	38	33.24	16.53	16.53	53.1
8,734	78	12,675	9,826	24	1,700	655	25	13.41	68.78	43.94	78.69
84,201	6	16,680	19,967	20	479	4,803	73	2.87	0.93	0.64	-1.76
16,063	45	20,816	15,088	14	2,088	841	20	10.03	31.11	20.47	37.53
12,203	51	5,785	5,337	59	2,118	1,942	18	36.61	36.12	31.05	34.83
41,881	12	21,239	20,527	13	1,916	2,230	22	9.02	6.77	5.58	9.7
18,965	40	7,445	7,946	45	939	922	37	12.61	9.73	6.36	35
8,073	86	1,564	1,295	239	701	461	51	44.81	22.22	14.58	3.7
2,082	276	5,267	4,505	66	655	534	54	12.44	125.43	125.43	71.15
37,436	13	4,010	3,639	92	563	276	61	14.04	12.91	5.61	8.97
16,839	44	467	NA*	678	171	-3	192	36.59	4.22	2.7	0.75
33,218	19	12,084	6,497	27	1,712	905	24	14.17	22.74	8.11	9.15
25,474	29	11,171	7,382	30	1,139	1,085	29	10.19	9.17	6.71	42.15
7,053	92	4,942	4,786	71	997	781	35	20.18	29.75	29.53	15.54
8,444	83	5,860	5,377	58	1,081	777	31	18.45	18.98	18.87	12.49
34,361	16	3,601	3,346	100	1,013	736	34	28.13	15.36	3.47	7.46
9,698	64	9,182	9,046	36	1,045	593	33	11.38	40.47	40.48	21.51
9,014	75	5,046	4,614	69	846	561	41	16.77	14.9	13.48	52.91
4,616	136	5,952	5,090	56	775	362	46	13.01	57.34	54.64	81.55
8,497	82	185	168	1131	13	98	908	7.29	0.13	0.11	-0.02
30,980	20	20,028	15,478	15	2,023	459	21	10.1	21.81	9.96	108.69
22,617	31	12,438	10,334	25	1,054	1,001	32	8.47	7.25	4.47	2.9
8,682	79	2,441	1,594	147	847	578	40	34.68	23.1	14.54	7.01
9,330	69	9,610	12,470	32	2,092	1,648	19	21.77	20.5	16.75	194.5
20,078	39	2,222	2,455	165	525	740	67	23.65	10.13	5.7	2.3
11,605	54	5,898	4,281	57	572	-1,045	59	9.7	2.33	1.34	36.67
20,201	37	2,427	3,018	148	339	968	104	13.99	4.22	2.63	11.62

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INDIA'S MOST VALUABLE COMPANIES—Private Sector

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
51	49	Ambuja Cements▲	18,167	14,167	28.23	14,754	12,009
52	58	Oracle Financial Services Software	18,053	10,884	65.86	14,661	7,690
53	37	Essar Oil	17,661	18,006	-1.92	17,544	18,012
54	61	Sun TV Network	17,546	9,771	79.57	11,905	8,865
55	50	ABB▲	17,433	14,123	23.44	15,416	15,165
56	63	Crompton Greaves	17,354	9,559	81.55	12,138	7,169
57	57	Bosch▲	17,197	10,958	56.93	12,646	11,236
58	59	Glaxosmithkline Pharmaceuticals▲	16,984	10,886	56.01	12,308	9,459
59	64	United Spirits	16,902	8,908	89.75	12,120	10,939
60	48	ACC▲	16,589	14,321	15.84	15,203	10,758
61	76	Lupin	16,320	7,379	121.17	10,000	5,303
62	60	Dabur India	16,090	10,435	54.19	12,181	7,818
63	67	Torrent Power	15,648	8,521	83.64	11,441	4,348
64	70	Lanco Infratech❑	15,607	8,106	92.53	10,319	5,605
65	66	Ultratech Cement	15,076	8,655	74.18	10,054	6,431
66	133	Jaiprakash Power Ventures	14,294	3,526	305.44	6,297	2,094
67	82	Shriram Transport Finance Co.	14,268	6,268	127.62	8,054	5,295
68	75	Zee Entertainment Enterprises❑	14,211	7,600	87.00	9,407	7,450
69	68	MphasiS◗	12,937	8,386	54.27	11,376	4,039
70	94	Cadila Healthcare	12,628	5,239	141.01	7,109	3,640
71	91	Cummins India	12,208	5,429	124.88	6,918	4,880
72	NL	Jaypee Infratech	11,774	NL	na	NL	NL
73	88	Exide Industries	11,386	5,748	98.10	7,317	4,601
74	96	Titan Industries	11,190	4,915	127.66	5,811	4,471
75	101	Godrej Consumer Products	10,983	4,809	128.39	6,346	3,224
76	74	Colgate-Palmolive (India)	10,913	7,663	42.42	8,517	5,515
77	62	Jaybharat Textiles & Real Estate	10,845	9,698	11.82	12,408	7,329
78	97	Castrol India▲	10,688	4,886	118.74	6,141	3,687
79	65	Mahindra Satyam□	10,527	8,686	21.19	10,374	19,820
80	85	Piramal Healthcare	10,500	6,111	71.82	7,148	5,758
81	NL	DB Realty	10,114	NL	na	NL	NL
82	117	Yes Bank	10,011	4,006	149.91	5,891	3,127
83	51	Suzlon Energy	9,866	13,987	-29.47	13,110	22,797
84	79	Divi's Laboratories	9,712	6,733	44.25	7,400	8,106
85	73	Housing Development & Infrastructure	9,662	7,734	24.92	9,679	7,223
86	NL	SKS Microfinance	9,198	NL	na	NL	NL
87	92	IRB Infrastructure Developers	9,142	5,254	74.00	6,796	4,452
88	69	Tech Mahindra	9,127	8,194	11.39	9,978	6,537
89	112	Ashok Leyland	8,811	4,216	109.02	5,439	3,345
90	105	Thermax	8,767	4,598	90.68	5,904	3,978
91	93	Tata Chemicals	8,649	5,246	64.87	6,163	5,610
92	102	Jain Irrigation Systems	8,631	4,769	80.99	5,569	3,110
93	148	Indusind Bank	8,554	2,888	196.13	4,335	1,879
94	100	Pantaloon Retail (India)▼	8,428	4,806	75.35	5,841	4,654
95	72	Aditya Birla Nuvo	8,318	7,787	6.82	8,341	8,766
96	52	Reliance Natural Resources❑	8,182	12,761	-35.89	12,111	11,696
97	47	Tata Communications	8,107	14,426	-43.81	12,263	12,873
98	80	United Phosphorus	7,788	6,615	17.74	6,778	5,660
99	114	Bajaj Holdings & Invst.	7,575	4,203	80.25	4,950	4,097
100	106	Indian Hotels Co.	7,555	4,603	64.12	5,576	5,053

Huge jump in market value, with sales and profits up smartly too last year →

In the Top 100 in market value, but have a look at the bottom line →

For Key to Tables see Methodology on pg 152

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
8,893	76	7,986	7,630	42	1,218	1,402	28	15.26	18.58	17.92	9.61
4,789	130	2,335	2,381	155	661	696	53	28.3	17.98	17.98	81.07
26,005	27	43,278	42,690	2	29	-514	643	0.07	-0.47	-0.13	-0.33
2,493	245	1,438	1,092	262	567	437	60	39.47	29.77	29.77	15.7
5,617	114	6,573	7,471	49	355	547	95	5.4	15.67	15.77	10.58
3,722	173	5,776	5,090	60	617	397	56	10.69	36.85	36.23	9.42
4,990	125	5,568	5,557	63	591	634	58	10.61	13.54	12.55	238.97
4,441	143	2,116	2,071	176	512	577	68	24.21	30.41	30.31	64.77
9,472	68	9,316	7,523	35	376	297	91	4.04	7.28	5.09	27.34
10,234	60	9,010	8,620	38	1,607	1,213	26	17.83	28.22	25.75	78.85
4,390	146	3,753	3,030	96	649	417	55	17.29	33.56	24.72	14.02
1,767	317	2,935	2,476	124	433	373	83	14.76	57.9	57.57	2.43
9,654	65	5,964	4,479	55	837	408	44	14.03	23.38	12.34	22.17
5,986	107	4,098	1,604	89	265	200	124	6.46	15.33	11.24	1.78
8,367	84	7,852	7,266	43	1,093	977	30	13.92	26.59	18.81	33.14
9,125	72	728	346	473	252	143	132	34.57	10.65	4.5	1.26
28,401	24	4,505	3,739	81	873	612	39	19.38	28.26	4.32	44.23
2,953	204	1,383	1,144	275	310	295	110	22.4	10.73	10.25	9.51
3,233	186	3,511	1,496	104	837	265	43	23.84	49.24	47.15	45.09
2,899	209	2,490	2,044	146	503	266	69	20.21	35.36	25.55	30.72
2,384	253	3,157	3,806	113	444	434	79	14.06	29.53	29.51	24.97
9,726	63	662	572	519	487	267	71	73.59	30.1	9.03	3.51
2,969	202	4,585	4,245	80	537	284	65	11.71	30.81	28.63	7.02
2,104	271	4,822	3,953	73	250	159	133	5.19	39.47	34.29	64.99
1,241	396	1,345	1,176	282	248	162	136	18.45	36.43	35	11.08
901	511	2,124	1,866	173	423	290	85	19.93	151.85	149.29	32.54
624	658	537	488	602	19	27	787	3.57	11.33	5.73	0.12
1,183	410	2,795	2,631	133	381	262	89	13.63	81.17	80.94	18.77
8,828	77	8,415	6,410	39	1,716	1,423	23	20.39	26.13	26.07	2.94
3,095	193	2,856	2,555	129	443	275	80	15.52	32.84	26.06	20.86
3,504	181	285	291	909	227	255	153	79.84	11.35	8.92	9.35
36,383	14	2,951	2,460	122	478	304	74	16.19	20.08	8.03	15.47
17,274	43	4,012	7,416	91	-1,414	-468	2943	-35.24	-27.27	-14.46	-6.35
1,888	298	967	1,222	387	344	424	101	35.6	24.55	23.88	28.03
12,400	50	1,600	1,890	232	597	830	57	37.3	10.47	6.12	17.57
4,209	151	961	555	388	174	80	184	18.09	21.65	5.82	24.16
2,583	236	78	72	1565	56	57	445	71.51	4.02	3.25	1.26
5,853	111	4,591	4,404	79	743	987	49	16.18	30.28	24.62	58.59
9,322	70	8,167	6,918	40	424	190	84	5.19	11.96	10.06	4.05
3,809	164	3,275	3,276	111	141	287	226	4.32	25.47	25.47	23.16
9,040	74	5,772	8,726	61	435	452	81	7.53	10.31	6	19.3
4,175	153	2,886	2,282	126	271	120	122	9.4	23.67	13.44	35.36
35,430	15	3,295	2,799	110	350	148	98	10.63	17.83	6.73	9.49
6,154	104	6,674	5,327	48	141	52	228	2.11	7.17	3.83	9.41
9,520	66	5,077	5,123	68	283	137	115	5.58	6.72	4.32	29.3
3,396	183	471	367	669	70	69	375	14.82	3.95	2.23	0.41
12,179	53	3,987	4,338	94	483	516	72	12.12	-1.68	-1.29	3.46
4,959	126	2,941	2,818	123	181	148	176	6.16	7.96	3.87	3.1
6,522	99	852	260	423	766	196	47	89.88	21.24	21.24	84.56
6,631	96	1,608	1,749	231	153	234	211	9.52	4.33	2.45	1.79

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

Rs 6,802 crore in market value, Rs 103 crore in assets – and Rs 1 crore in profits

Power company gets listed, and snaps at the heels of Indiabulls Real Estate

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
101	90	Glenmark Pharmaceuticals	7,431	5,548	33.94	6,166	11,147
102	119	Glaxosmithkline Consumer Healthcare▲	7,282	4,015	81.34	4,860	2,586
103	103	Marico	7,258	4,671	55.38	5,429	3,541
104	120	Bharat Forge	7,121	3,997	78.14	4,963	4,020
105	86	GVK Power & Infrastructure	7,050	6,019	17.13	6,716	4,193
106	111	Shree Cement	7,032	4,309	63.19	5,496	2,124
107	139	Bhushan Steel	6,998	3,254	115.04	4,738	2,619
108	98	Tata Global Beverages	6,989	4,854	43.98	5,301	4,186
109	77	Areva T&D India▲	6,842	7,095	-3.57	6,943	5,844
110	199	KGN Industries❑	6,802	2,034	234.47	3,904	4,141
111	132	Patni Computer Systems▲	6,757	3,623	86.51	4,875	2,486
112	141	Procter & Gamble Hygiene & Health Care×	6,750	3,127	115.86	4,377	2,410
113	71	Indiabulls Real Estate❑	6,673	7,923	-15.77	8,173	6,200
114	140	United Breweries	6,583	3,181	106.94	3,547	3,074
115	116	Videocon Industries◆	6,552	4,024	62.81	4,711	4,756
116	122	Voltas	6,535	3,856	69.46	4,676	3,272
117	173	Coromandel International	6,526	2,385	173.64	2,958	1,719
118	78	KSK Energy Ventures	6,486	6,840	-5.19	6,933	5,930
119	144	Pidilite Industries	6,454	3,058	111.06	3,958	3,015
120	109	Bajaj Finserv	6,359	4,415	44.05	4,593	4,433
121	NL	Pipavav Shipyard	6,324	NL	na	NL	NL
122	89	Financial Technologies (India)	6,315	5,619	12.39	6,108	4,972
123	115	Biocon	6,309	4,040	56.19	4,739	3,269
124	152	Motherson Sumi Systems	5,997	2,826	112.19	3,711	2,598
125	179	Emami	5,987	2,299	160.36	3,053	1,516
126	NL	Indiabulls Power❑	5,870	NL	na	NL	NL
127	129	Essar Shipping Ports & Logistics	5,791	3,698	56.61	3,992	3,355
128	NL	IL&FS Transportation Networks	5,785	NL	na	NL	NL
129	172	Fortis Healthcare	5,742	2,398	139.47	3,312	1,549
130	83	Educomp Solutions	5,709	6,207	-8.02	6,724	4,845
131	110	Godrej Industries	5,704	4,309	32.39	4,914	4,385
132	126	Federal Bank	5,648	3,812	48.17	4,030	3,083
133	188	Jindal Saw▲▲	5,616	2,233	151.51	3,620	2,161
134	157	Gillette India▼	5,579	2,765	101.79	3,506	2,565
135	161	Jubilant Organosys	5,517	2,640	108.97	3,568	3,571
136	149	Religare Enterprises	5,488	2,901	89.16	3,322	2,707
137	NA	Aurobindo Pharma	5,392	2,592	108.04	3,684	1,242
138	191	Jet Airways (India)	5,226	2,161	141.90	3,141	2,937
139	87	Shree Global Tradefin❑	5,210	6,046	-13.82	6,568	4,613
140	134	Welspun Corp	5,107	3,515	45.27	4,406	4,083
141	176	BGR Energy Systems	5,039	2,348	114.58	2,957	1,751
142	104	EIH	5,018	4,636	8.25	4,876	4,695
143	124	CESC	4,897	3,863	26.75	4,368	3,850
144	186	Mahindra & Mahindra Financial Services	4,852	2,270	113.74	2,653	2,252
145	142	Apollo Hospitals Enterprise	4,804	3,117	54.12	3,480	2,670
146	125	Dish TV India❑	4,754	3,842	23.73	4,024	1,805
147	226	Torrent Pharmaceuticals	4,636	1,671	177.48	2,561	1,277
148	163	Opto Circuits (India)	4,619	2,632	75.49	3,292	2,236
149	127	Great Eastern Shipping Co.	4,615	3,818	20.88	4,037	4,563
150	121	IVRCL Infrastructures & Projects	4,590	3,944	16.37	4,336	3,177

For Key to Tables see Methodology on pg 152

Piled-up losses of almost Rs 1,700 crore on this page, thanks largely to Jet Airways (138) and Dish TV (146)

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
2,926	206	1,108	1,005	340	128	218	245	11.59	8.61	7.59	6.64
1,991	285	2,117	1,796	175	233	188	148	11	27.44	27.44	62.21
1,242	395	2,062	1,944	186	235	142	146	11.4	48	38.8	4.02
4,514	139	1,982	2,231	198	127	100	247	6.41	8.14	3.84	7.97
2,570	237	60	44	1682	22	21	745	35.87	1.09	1.06	0.19
5,044	124	4,158	3,175	86	676	578	52	16.26	45.86	23.88	137.58
17,333	42	6,122	5,428	54	846	421	42	13.82	26.27	6.91	40.65
3,962	155	2,103	1,566	180	393	160	88	18.67	19.87	17.16	2.34
3,804	165	3,745	2,852	97	192	226	175	5.13	24.73	23.23	5.07
103	1562	82	184	1547	0.9	0.24	1786	1.05	1.45	1.13	0.06
3,946	156	1,853	1,650	209	543	389	63	29.3	18.99	18.98	41.1
1,108	438	986	852	376	180	179	177	18.24	35.05	35.05	55.38
5,467	117	141	649	1277	17	468	829	11.78	0.53	0.44	0.48
2,204	262	3,033	2,510	118	97	62	296	3.2	8.19	5.74	5.63
17,906	41	9,489	10,208	34	474	855	76	5	6.81	3.71	20.13
3,128	191	4,698	4,205	77	344	253	100	7.33	33.43	33.24	9.72
4,401	145	6,563	9,715	50	468	496	77	7.13	34.63	20.63	38.21
3,738	171	276	243	920	127	104	248	46.05	5.61	4.7	3.18
1,838	304	2,053	1,931	187	293	146	112	14.3	34.59	22.82	6.15
1,647	327	130	114	1317	29	41	647	22.64	2.6	2.07	2.96
3,889	160	697	62	499	-51	4	2896	-7.3	-3.34	-2.05	-1.49
2,717	227	654	718	528	344	369	99	52.63	18	14.76	79.73
2,270	261	1,265	1,016	297	248	112	135	19.63	17.05	15.63	13.66
1,867	301	1,961	1,482	200	178	70	178	9.1	29.72	17.87	5.07
1,047	457	1,049	759	358	63	78	404	6.04	13.24	8.26	11.11
2,348	256	147	14	1251	106	14	283	72.24	4.95	4.95	0.14
10,414	59	1,137	1,168	330	90	108	319	7.91	1.19	0.92	2.05
3,568	177	948	235	390	325	40	109	34.24	27.21	17.39	16.72
2,916	207	254	196	962	30	-7	634	11.86	2.59	1.59	1.46
2,198	264	875	527	410	222	132	158	25.35	24.72	15.37	23.1
1,910	296	1,034	1,035	365	81	18	345	7.83	7.12	5.8	2.65
43,822	11	4,326	3,849	84	465	500	78	10.74	7.46	5.97	26.86
5,514	116	7,073	5,300	46	730	333	50	10.33	23.98	18.33	23.46
978	485	710	643	486	113	117	277	15.93	24.03	24.03	42.07
5,382	119	2,676	2,649	138	363	261	94	13.57	19.97	8.94	18.79
2,780	219	175	35	1163	56	-16	448	31.64	2.19	3.38	3.56
4,845	128	3,440	3,025	107	526	129	66	15.28	31.55	19.59	79.15
20,989	35	10,772	12,799	31	-468	-402	2939	-4.34	-18.98	-4.56	-33.91
1,121	436	311	260	867	0.08	0.04	2179	0.03	0.04	0.02	0.08
6,818	93	6,965	6,243	47	540	233	64	7.76	25.18	12.86	28.92
3,944	157	3,101	1,964	116	201	115	170	6.48	31.82	30.02	33.47
3,079	194	907	1,078	402	57	170	433	6.31	0.45	0.28	0.26
11,354	56	3,560	3,279	103	433	410	82	12.17	7.8	6.62	35.06
9,095	73	1,569	1,385	237	343	215	102	21.84	20.55	4.68	37.47
2,830	217	1,859	1,480	207	152	118	215	8.18	10.6	7.85	11.85
2,097	273	748	424	470	-476	-413	2940	-63.68	88.28	-310.42	-2.4
2,092	274	1,474	1,214	252	207	187	166	14.07	30.32	19.83	36.06
1,225	401	472	429	668	147	140	219	31.16	24.22	18.33	9.66
9,767	62	2,256	3,375	162	396	1,385	87	17.54	3.81	2.3	22.41
6,380	101	5,579	5,083	62	70	229	371	1.26	11.45	9.63	7.79

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
151	118	Jai Corp	4,581	3,996	14.65	4,063	4,950
152	NL	DB Corp	4,529	NL	na	4,449	NL
153	155	Sintex Industries	4,515	2,771	62.93	3,101	3,527
154	99	Indiabulls Financial Services	4,502	4,828	-6.76	4,451	5,597
155	131	Century Textiles & Inds.	4,492	3,649	23.10	4,135	3,622
156	123	Britannia Industries	4,492	3,881	15.74	3,901	3,155
157	107	Shree Renuka Sugars◆	4,483	4,489	-0.14	5,460	2,535
158	81	Punj Lloyd	4,453	6,390	-30.31	6,599	6,469
159	151	Nagarjuna Construction Co.	4,452	2,831	57.25	3,486	2,502
160	143	Alstom Projects India	4,421	3,072	43.91	3,393	2,475
161	NL	Godrej Properties	4,344	NL	na	3,450	NL
162	158	Aventis Pharma▲	4,279	2,734	56.52	3,217	1,864
163	84	Tata Teleservices (Maharashtra)	4,251	6,136	-30.72	5,604	4,660
164	224	Kansai Nerolac Paints	4,217	1,682	150.62	2,263	1,415
165	150	Mahindra Holidays & Resorts India	4,208	2,875	46.34	3,340	NL
166	136	GTL Infrastructure	4,195	3,379	24.13	3,534	2,898
167	168	Crisil▲	4,083	2,491	63.95	2,909	2,157
168	233	Havells India	4,076	1,576	158.59	2,163	1,609
169	159	GTL	4,054	2,731	48.44	3,171	2,031
170	194	Gujarat Gas Co.▲	4,038	2,095	92.73	2,562	1,519
171	217	Era Infra Engg.	3,985	1,751	127.60	2,652	1,127
172	198	ING Vysya Bank	3,942	2,028	94.34	2,691	2,045
173	113	Max India	3,911	4,205	-6.99	4,455	3,183
174	334	Eicher Motors▲	3,868	906	327.10	1,433	694
175	130	Aban Offshore	3,838	3,677	4.38	4,566	6,992
176	160	Blue Star	3,831	2,651	44.51	2,965	2,556
177	156	Hindustan Construction Co.	3,780	2,753	37.27	3,473	1,946
178	169	Sunteck Realty❑	3,779	2,461	53.56	2,856	1,033
179	138	Anant Raj Inds.	3,679	3,298	11.53	3,652	3,505
180	137	Ackruti City	3,660	3,385	8.13	3,590	5,621
181	193	AIA Engineering	3,648	2,093	74.30	2,662	2,047
182	171	Jagran Prakashan	3,646	2,427	50.27	3,023	1,929
183	180	HT Media	3,643	2,300	58.43	2,793	2,215
184	289	Sterlite Technologies	3,626	1,161	212.32	1,737	818
185	205	Amtek Auto▼	3,596	1,927	86.58	2,469	2,193
186	146	Edelweiss Capital	3,586	2,987	20.05	3,234	3,494
187	219	Apollo Tyres	3,569	1,700	109.93	2,218	1,499
188	128	India Cements	3,516	3,816	-7.86	3,603	3,569
189	257	Ipca Laboratories	3,503	1,354	158.66	1,981	1,190
190	278	Bayer Cropscience	3,388	1,215	178.76	1,633	957
191	189	Gujarat NRE Coke	3,358	2,212	51.81	2,878	2,688
192	183	EID-Parry (India)	3,345	2,285	46.41	2,616	1,574
193	NL	Cox & Kings	3,315	NL	na	2,763	NL
194	181	Pfizer»	3,304	2,304	43.43	2,532	1,651
195	154	BF Utilities◆	3,301	2,774	19.01	3,410	4,526
196	196	Deccan Chronicle Holdings	3,295	2,057	60.16	2,897	2,070
197	239	3M India▲▲	3,253	1,497	117.25	1,810	1,520
198	237	MRF◆	3,239	1,514	113.96	2,033	1,197
199	371	Whirlpool of India	3,238	747	333.38	1,240	504
200	213	Phoenix Mills	3,205	1,806	77.47	2,264	2,219

Bright prospects are reflected in the spurt in market value

After doubling its profits, market cap has been on a roll

For Key to Tables see Methodology on pg 152

Check out the chunky net margins of the property companies

TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	2008-09	Rank (2010)	NET PROFIT (Rs cr) 2009-10	2008-09	Rank (2010)	PROFIT AS % OF SALES 2009-10	RONW (%) 2009-10	ROCE (%) 2009-10	EPS (Rs) On Sep 30
2,735	225	480	450	660	61	28	416	12.71	2.3	2.27	4.41
1,467	354	1,048	946	359	199	68	171	19	37.38	22.44	11.94
4,736	131	2,200	2,077	169	274	267	120	12.44	15.96	7.91	22.71
12,436	49	1,430	1,784	265	262	190	125	18.34	7.07	3.73	10.67
5,877	109	5,040	4,450	70	339	237	103	6.74	20.7	11.44	32.06
1,336	374	3,573	3,312	101	117	180	271	3.26	10.94	8.1	12.1
3,678	176	2,326	1,816	156	144	93	223	6.17	15.42	7.79	6.59
9,255	71	7,542	6,973	44	367	321	93	4.87	11.35	7.54	4.79
5,871	110	4,896	4,221	72	233	154	149	4.75	11.85	10.15	9.19
3,065	195	2,123	2,374	174	167	135	194	7.88	34.87	35.43	24.17
1,569	339	357	237	809	122	74	260	34.06	21.88	20.47	18.33
1,221	404	1,167	1,155	319	157	166	205	13.49	16.6	16.87	64.39
4,418	144	2,284	2,069	159	-298	-160	2936	-13.05	70.48	-35.88	1.49
1,282	386	1,996	1,687	196	166	99	198	8.29	22.61	20.08	32.28
1,601	331	516	444	630	118	83	267	22.82	36.97	36.96	11.56
6,659	95	699	389	497	-3	3	2640	-0.37	-0.47	-0.13	-0.42
583	689	468	408	676	150	137	217	32.13	39.8	39.8	241.26
1,716	324	2,593	2,341	142	228	145	152	8.8	22.65	20.86	37.01
4,331	149	1,679	1,521	224	158	91	204	9.43	14.73	6.32	14.18
1,821	307	1,465	1,355	254	175	159	181	11.96	24	24.01	16.48
4,654	135	3,489	2,459	105	279	203	118	8.01	19.48	10.22	13.06
33,880	17	2,860	2,796	127	242	189	139	8.47	8.28	3.13	20.1
3,047	197	392	464	766	-1	22	2516	-0.15	-0.1	-0.09	-0.16
557	712	442	843	705	38	39	577	8.53	8.45	8.37	14.13
5,713	112	1,364	1,230	278	280	260	117	20.56	16.41	5.99	62.51
1,870	299	2,603	2,574	141	211	180	161	8.13	45.77	45.8	22.1
6,348	102	3,474	3,209	106	81	125	342	2.34	7.79	3.3	1.83
222	1165	12	6	2282	10	3	1022	80.15	5.36	4.4	2.03
3,711	174	336	476	837	237	366	144	70.55	3.98	3.86	7.18
2,768	221	601	554	554	174	264	185	28.92	13.15	7.51	24.94
1,098	439	859	997	418	123	133	258	14.27	17.6	17.56	13.73
1,178	413	978	847	383	176	92	180	17.99	29.4	26.75	6.04
1,825	305	1,305	1,362	289	125	85	252	9.56	12.82	10.71	6.71
2,063	277	2,518	2,399	144	246	90	138	9.77	32.03	31.99	7.1
6,314	103	1,195	1,425	312	152	261	213	12.74	6.15	2.84	7.38
2,991	201	251	192	973	35	26	597	14.14	2.21	1.52	0.5
4,457	142	5,479	4,588	64	415	108	86	7.57	26.27	18.59	7.16
7,833	88	4,107	3,827	87	351	429	97	8.55	9.07	7.04	7.31
1,749	320	1,643	1,353	228	209	91	162	12.73	27.83	21.44	15.83
1,070	448	1,816	1,602	211	127	94	246	7.01	23.51	21.84	30.79
3,696	175	1,499	1,559	248	52	107	472	3.46	4.16	2.41	1.35
2,433	250	1,336	1,706	285	206	692	168	15.39	19.56	14.23	14.41
1,028	465	186	161	1130	50	38	482	26.97	11.31	9.21	10.18
2,059	278	944	1,069	392	137	299	231	14.5	14.07	14.07	48.71
241	1119	20	28	2126	0.3	5	2003	1.52	-0.38	-0.19	0.31
2,053	280	923	858	396	261	140	126	28.26	21.78	16.82	11.31
616	661	1,138	790	328	93	57	306	8.16	21.85	21.85	82.63
3,064	196	6,163	5,747	53	253	145	130	4.11	21.29	16.28	921.43
1,284	385	2,760	2,156	134	145	71	220	5.25	41.68	40.94	12.57
1,815	309	140	140	1278	60	78	424	42.79	3.93	3.67	4.26

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

A six-fold growth in market value on the back of a four-fold jump in net profits →

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
201	235	Karur Vysya Bank	3,195	1,551	105.94	1,834	1,506
202	222	Sobha Developers	3,187	1,688	88.77	2,090	1,764
203	487	Manappuram General Finance & Leasing	3,165	456	594.37	970	181
204	229	Redington (India)	3,115	1,637	90.25	1,991	1,733
205	184	Nirma	3,103	2,288	35.59	2,651	1,947
206	187	Nava Bharat Ventures	3,097	2,237	38.45	2,590	1,461
207	301	Ruchi Soya Inds.	3,084	1,095	181.59	1,572	1,088
208	174	Sterling International Enterprises#	3,072	2,396	28.19	2,593	4,594
209	212	Kalpataru Power Transmission	3,054	1,807	68.98	2,250	1,666
210	182	Hindustan Oil Exploration Co.	2,936	2,285	28.48	2,951	1,267
211	135	India Infoline	2,924	3,469	-15.71	3,586	2,771
212	208	Birla Corporation	2,885	1,872	54.10	2,233	1,182
213	190	Patel Engineering	2,880	2,161	33.30	2,630	1,805
214	274	Prism Cement	2,841	1,231	130.84	1,415	831
215	NL	Hathway Cable & Datacom	2,839	NL	na	2,983	NL
216	192	Rolta India▼	2,790	2,116	31.83	2,539	3,062
217	302	TVS Motor Co.	2,786	1,081	157.81	1,317	681
218	145	Sterling Biotech▲	2,779	3,047	-8.79	2,783	4,174
219	298	Rajesh Exports	2,768	1,127	145.60	1,720	1,151
220	NA	Akzo Nobel India	2,748	1,949	41.03	2,082	1,779
221	215	Maharashtra Seamless	2,736	1,786	53.23	2,117	1,605
222	262	Gammon India	2,730	1,324	106.12	1,994	1,637
223	NL	Den Networks	2,730	NL	na	2,433	NL
224	175	Triveni Engineering & Inds.◆	2,725	2,348	16.04	2,656	1,876
225	178	Chambal Fertilisers & Chemicals	2,721	2,307	17.95	2,385	2,307
226	232	Bombay Rayon Fashions	2,681	1,620	65.52	1,839	1,632
227	245	Berger Paints India	2,679	1,442	85.78	1,708	1,158
228	225	Astrazeneca Pharma India▲	2,655	1,679	58.15	1,979	1,289
229	147	JM Financial	2,654	2,942	-9.80	3,024	3,075
230	223	Info Edge (India)	2,642	1,697	55.71	1,958	1,821
231	277	SKF India▲	2,633	1,217	116.31	1,473	1,034
232	271	Usha Martin	2,613	1,260	107.32	1,723	1,383
233	197	HCL Infosystems▼	2,592	2,041	27.00	2,588	1,929
234	201	KEC International	2,580	1,941	32.93	2,379	1,570
235	243	Atlas Copco (India)▲	2,571	1,463	75.72	1,669	1,573
236	240	Sundaram Finance	2,567	1,485	72.87	1,682	1,318
237	170	Madras Cements	2,567	2,434	5.46	2,582	2,473
238	272	Core Projects & Technologies❑	2,566	1,232	108.38	1,551	1,191
239	177	Tulip Telecom	2,554	2,316	10.27	2,531	2,085
240	221	Parsvnath Developers	2,554	1,692	50.92	2,040	1,868
241	288	Lakshmi Machine Works	2,537	1,167	117.33	1,640	1,164
242	231	Shriram City Union Finance	2,524	1,630	54.91	1,832	1,608
243	228	Alfa Laval (India)▲	2,519	1,668	51.01	1,952	1,534
244	266	Tata Investment Corpn.	2,460	1,371	79.37	1,667	1,267
245	251	Mcleod Russel India	2,456	1,405	74.77	2,025	735
246	NL	Jubilant Foodworks	2,416	NL	na	1,707	NL
247	349	Dewan Housing Finance Corpn.	2,407	847	184.17	1,200	535
248	200	Motilal Oswal Financial Services	2,387	1,989	20.00	2,189	1,370
249	375	Bajaj Electricals	2,378	734	223.78	1,163	573
250	218	Simplex Infrastructures	2,376	1,722	38.02	2,087	1,668

The franchisee for Domino's Pizza listed with a bang →

For Key to Tables see Methodology on pg 152

Surprisingly, broking companies slipped in market cap rankings in a bull market – see Nos 211 and 248

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
21,993	33	2,005	1,715	195	336	236	106	16.76	22.58	19.33	45.95
3,778	169	1,123	1,001	335	137	110	233	12.17	9.7	4.88	16.3
2,551	239	478	166	662	120	30	263	25.04	30.78	17.97	5.47
1,916	295	6,464	6,075	52	99	81	293	1.54	14.68	14.4	2.74
4,516	138	3,381	3,418	109	238	93	142	7.04	8.55	6.55	13.44
2,275	260	1,299	1,350	290	499	455	70	38.38	31.35	24.76	53.73
7,500	89	13,751	12,482	23	172	93	186	1.25	9.31	6.38	4.97
76	1731	20	21	2114	5	5	1213	27.12	15.29	12.54	0.02
2,852	216	2,703	1,945	136	171	94	189	6.34	17.96	14.98	11.42
1,999	284	183	152	1140	42	54	535	22.71	3.74	2.75	2.71
2,864	212	698	494	498	152	106	214	21.77	14.56	11.81	4.6
3,039	198	2,514	2,103	145	557	324	62	22.16	35.11	28.94	67.54
3,908	159	2,086	1,597	183	-18	142	2830	-0.85	11.36	7.92	19.02
2,641	231	3,015	754	119	253	96	131	8.39	28.31	20.21	4.61
1,582	337	453	463	692	-84	-106	2914	-18.45	-19.41	-11.28	-2.56
2,858	213	1,028	899	367	372	263	92	36.22	23.33	14.95	22.35
2,774	220	4,818	4,089	74	88	31	326	1.83	4.05	2.17	0.92
5,540	115	1,511	1,188	246	237	219	145	15.69	9.12	4.26	6.56
8,625	80	18,529	12,204	18	193	87	174	1.04	18.78	13.24	7.97
1,389	363	1,220	1,418	304	159	295	202	13.06	15.95	15.98	36.39
2,585	235	1,744	2,256	219	285	258	114	16.32	15.82	18.88	45.21
5,921	108	4,750	3,821	75	126	140	250	2.65	8.28	8.04	11.7
1,010	471	335	271	840	21	-14	759	6.21	3.58	2.92	1.84
2,612	233	2,028	1,760	192	170	112	193	8.37	16.98	9.12	5.03
4,674	134	3,652	4,731	99	249	231	134	6.82	18.14	7.08	6.19
4,699	132	1,630	1,347	229	176	149	179	10.79	11.47	6.83	17.08
1,027	466	1,854	1,727	208	120	89	262	6.48	23.04	23.09	3.72
236	1127	410	387	745	58	74	431	14.04	44.63	36	17.99
1,842	303	96	25	1471	47	8	497	49.08	2.87	2.87	0.61
572	700	264	274	939	57	60	437	21.55	15.68	15.66	11.67
1,093	440	1,704	1,829	222	94	128	303	5.53	13.63	13.63	29.23
4,215	150	2,044	2,326	188	92	147	307	4.51	6.63	3.68	3.45
3,723	172	12,371	12,415	26	260	305	127	2.11	22.9	20.2	11.98
3,405	182	3,961	3,484	95	171	116	191	4.32	22.93	16.46	29.85
890	513	1,329	1,367	286	85	84	334	6.38	19.64	15.01	44.99
10,846	57	1,277	1,137	294	227	151	154	17.76	18.59	3.29	40.38
5,256	122	3,108	2,803	115	354	364	96	11.38	25.09	9.61	12.1
826	535	348	206	822	81	45	347	23.18	20.8	14.71	10.3
2,623	232	2,034	1,704	190	274	249	119	13.49	34.27	14.13	18.25
5,297	121	841	763	431	134	113	237	15.92	5.24	3.09	5.12
1,595	333	1,382	1,661	276	105	107	286	7.57	11.5	11.5	99.96
6,464	100	1,108	935	341	194	117	172	17.53	22.53	4.67	37.57
715	586	929	860	393	123	90	255	13.28	35.39	34.88	64.1
1,538	343	234	214	1003	194	186	173	82.71	15.62	13.23	40.03
2,006	283	1,138	868	329	240	89	141	21.13	18.79	25.76	20.83
196	1224	481	318	657	33	7	611	6.85	47.4	29.23	7.77
9,958	61	995	695	373	151	86	216	15.15	21.52	1.85	16.39
591	682	64	72	1654	42	45	528	65.99	9.35	9.35	3.83
1,349	373	2,259	1,800	161	117	89	269	5.18	33.48	28.53	13.38
4,143	154	4,476	4,717	82	123	121	257	2.74	13.18	8.44	26.91

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
251	281	Honeywell Automation India▲	2,376	1,208	96.70	1,583	945
252	204	Puravankara Projects	2,360	1,934	22.02	2,038	2,863
253	285	Blue Dart Express▲	2,358	1,193	97.73	1,334	1,299
254	206	Ibn18 Broadcast	2,356	1,912	23.21	1,887	1,377
255	195	KS Oils	2,340	2,076	12.72	2,404	1,876
256	297	CMC	2,338	1,127	107.42	1,508	724
257	269	Monnet Ispat & Energy❑	2,317	1,282	80.68	1,559	1,661
258	167	Ispat Industries❑	2,316	2,510	-7.71	2,513	2,385
259	342	Fresenius Kabi Oncology	2,300	873	163.57	1,279	841
260	NA	IVRCL Assets & Holdings	2,292	465	392.65	785	741
261	166	Bajaj Hindusthan◆	2,280	2,550	-10.57	3,064	1,681
262	NL	Responsive Industries	2,266	NL	na	NL	NL
263	267	Prakash Industries	2,260	1,282	76.24	1,719	1,336
264	356	Rallis India	2,253	810	178.28	1,066	481
265	259	BOC India▲	2,223	1,358	63.69	1,469	1,259
266	468	Kwality Dairy (India)❑	2,222	508	337.34	1,477	73
267	214	Allcargo Global Logistics▲	2,220	1,799	23.45	2,041	1,539
268	207	MindTree	2,184	1,692	29.07	2,045	1,202
269	286	Bombay Dyeing & Mfg. Co.	2,171	1,185	83.28	1,488	1,658
270	165	Balrampur Chini Mills◆	2,168	2,571	-15.68	2,898	1,752
271	238	Karnataka Bank	2,164	1,499	44.30	1,555	1,476
272	284	Gujarat State Fertilizers & Chemicals	2,151	1,192	80.40	1,362	977
273	327	Tube Investments Of India	2,149	930	131.10	1,103	738
274	NL	Bajaj Corp	2,144	NL	na	NL	NL
275	287	Ballarpur Industries▼	2,116	1,183	78.85	1,287	1,408
276	216	Kirloskar Brothers	2,114	1,750	20.78	2,105	1,478
277	358	Zuari Industries	2,076	787	163.77	1,079	613
278	209	Rei Agro	2,075	1,854	11.91	1,711	4,445
279	306	South Indian Bank	2,058	1,072	91.88	1,342	892
280	275	Shiv Vani Oil & Gas Exploration Services	2,038	1,225	66.42	1,381	1,645
281	469	SpiceJet	2,018	504	300.85	861	556
282	254	Novartis India	2,012	1,373	46.56	1,556	869
283	280	JSL Stainless	2,003	1,209	65.73	1,475	1,408
284	339	Jindal South West Holdings	1,981	876	126.04	1,410	636
285	312	Hindusthan National Glass & Inds.	1,973	999	97.51	1,305	853
286	304	Infotech Enterprises	1,966	1,079	82.24	1,378	914
287	352	Himadri Chemicals & Inds.	1,960	832	135.53	1,065	786
288	490	Zydus Wellness	1,953	447	337.19	734	101
289	211	Peninsula Land	1,952	1,804	8.21	2,016	1,376
290	250	Gujarat Fluorochemicals	1,952	1,408	38.60	1,490	1,557
291	436	Bajaj Finance	1,946	591	229.52	848	482
292	247	Sun Pharma Advanced Research Co.	1,929	1,433	34.65	1,600	1,401
293	296	Carborundum Universal	1,916	1,138	68.31	1,329	998
294	439	Escorts◆	1,910	581	228.81	879	546
295	258	Godfrey Phillips India	1,902	1,350	40.91	1,620	1,180
296	162	Onmobile Global	1,900	2,647	-28.25	2,510	2,364
297	291	Hotel Leelaventure	1,894	1,160	63.28	1,410	1,102
298	427	Indian Metals & Ferro Alloys	1,893	608	211.09	921	418
299	377	BASF India	1,891	734	157.65	915	651
300	295	Mahindra Lifespace Developers	1,891	1,140	65.97	1,309	1,335

A turnaround in profitability is good news for investors

The mobile VAS provider hasn't got the market's thumbs up

For Key to Tables see Methodology on pg 152

The company ranked No. 259 may sound unfamiliar – it was Dabur Pharma earlier

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
741	579	1,201	1,040	310	133	82	239	11.06	36.2	35.74	127.15
2,537	243	508	450	636	137	133	234	26.87	9.99	7.27	7.17
579	691	913	985	399	61	77	417	6.65	14.33	14.33	36.67
922	503	264	194	940	-82	-68	2913	-31.13	-23.53	-17.53	-3.51
3,788	167	4,102	3,179	88	224	169	157	5.47	19.61	14.8	4.33
935	499	709	841	488	130	106	243	18.28	28.96	27.84	98.54
2,958	203	1,759	1,368	216	216	166	159	12.28	18.2	10.25	53.08
14,390	46	9,592	10,100	33	-688	35	2941	-7.17	-40.42	-12.24	-3.71
920	504	439	305	707	80	-78	349	18.29	17.8	13.46	3.85
3,321	185	183	81	1142	-6	9	2731	-3.5	-0.43	-0.35	-0.28
6,544	98	2,028	2,026	191	155	-50	210	7.62	-0.74	-0.27	7.85
506	750	582	456	567	38	27	571	6.55	21.51	14.38	14.63
1,919	294	1,755	1,743	217	266	204	123	15.16	19.03	18.19	19.13
755	570	978	949	382	101	71	288	10.33	22.34	22.19	61.84
1,764	318	860	651	417	53	80	465	6.19	3.62	3.43	9.7
223	1163	583	333	566	9	5	1028	1.61	32.53	17.73	1.12
1,032	464	532	538	609	98	93	294	18.41	15.33	12.26	6.56
942	495	1,315	1,021	288	208	30	165	15.82	34.6	33.02	48.69
2,437	247	1,985	1,637	197	18	-195	799	0.93	5.98	1.12	2
2,765	223	1,862	1,577	206	227	97	155	12.18	14.28	7.48	5.55
27,082	25	2,373	2,271	152	167	267	195	7.04	9.82	7.51	9.55
3,925	158	4,243	6,091	85	254	499	128	6	12.41	12.34	42.22
2,197	265	2,573	2,395	143	81	72	344	3.16	9.55	6.03	5.56
55	1894	336	246	839	84	47	338	25	210.89	217.31	28.44
2,719	226	1,110	1,172	339	125	129	251	11.29	9.42	5.96	0.55
2,089	275	2,107	1,929	178	118	67	268	5.58	15.42	12.79	14.67
2,857	215	4,381	6,186	83	157	93	207	3.58	14.97	14.84	46.99
5,632	113	3,703	2,452	98	157	61	206	4.24	21.01	8.42	2.1
25,534	28	2,195	1,855	170	234	195	147	10.65	16.51	14.1	2.02
3,153	189	1,089	687	347	92	95	308	8.45	11.81	4.38	20.49
996	479	2,244	1,822	164	61	-353	414	2.74	-16.22	90.82	2.53
767	567	704	674	492	116	104	272	16.47	21.1	21.09	35.89
12,611	48	6,468	5,350	51	378	-580	90	5.85	25.75	5.6	16.65
625	656	7	41	2399	4	36	1300	62.22	0.71	0.71	17.92
1,967	290	1,523	1,475	243	155	108	208	10.19	14.72	11.43	14.78
1,008	472	608	601	551	127	71	249	20.85	17.21	17.21	8.6
1,287	384	577	439	573	107	47	280	18.59	19.62	13.81	26.69
179	1274	274	196	923	45	24	511	16.52	55.7	55.7	13.53
1,925	293	845	614	428	291	150	113	34.42	24.69	18.65	10.53
2,542	242	1,079	1,106	350	334	340	107	30.98	23.48	16.23	27.43
4,823	129	916	599	398	89	34	322	9.76	5.97	3.04	41.55
87	1651	35	35	1935	-22	-9	2848	-62.03	-86.41	-82.86	-0.45
1,086	443	810	768	444	58	60	428	7.16	13.03	7.79	5.96
2,675	229	2,219	2,123	166	90	12	320	4.04	6.51	6.81	16.47
1,074	446	2,673	2,324	139	118	109	265	4.43	19.18	17.03	80.27
1,143	428	383	351	780	53	71	466	13.81	7.43	6.5	9.34
5,352	120	485	600	654	41	145	543	8.46	2.07	1.23	1.27
1,364	369	631	1,041	536	41	261	544	6.5	7.68	4.86	36.96
1,278	387	1,478	1,248	251	97	69	297	6.55	14.78	14.78	25.66
1,202	406	350	206	820	79	46	352	22.7	7.86	7.86	21.52

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

A turnaround has helped Shopper's Stop climb over Trent

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
301	241	Gammon Infrastructure Projects	1,881	1,477	27.39	1,537	1,332
302	438	Glodyne Technoserve❑	1,878	581	223.30	829	421
303	230	Omaxe	1,874	1,632	14.84	1,687	1,909
304	263	UTV Software Communications	1,858	1,316	41.13	1,520	1,811
305	423	Shopper's Stop	1,857	620	199.57	907	851
306	328	Trent	1,843	932	97.76	1,234	797
307	402	MVL▲	1,837	663	176.98	1,139	335
308	319	Bata India▲	1,837	969	89.55	1,112	821
309	264	Wyeth❍	1,831	1,315	39.20	1,487	979
310	244	Wockhardt▲▲	1,816	1,448	25.45	1,646	1,851
311	NL	ARSS Infrastructure Projects	1,805	NL	na	1,261	NL
312	255	Gujarat Narmada Valley Fertilizers Co.	1,801	1,366	31.90	1,495	1,464
313	381	Jyothy Laboratories	1,790	720	148.64	947	576
314	320	S Kumars Nationwide	1,785	962	85.47	1,013	1,191
315	347	Radico Khaitan	1,776	856	107.44	1,040	788
316	292	Texmaco	1,768	1,152	53.44	1,473	1,043
317	309	Polaris Software Lab	1,765	1,044	69.17	1,348	678
318	416	Greaves Cotton×	1,763	633	178.50	931	673
319	299	Dalmia Bharat Sugar & Inds.	1,757	1,108	58.60	1,288	1,345
320	393	Clariant Chemicals (India)▲	1,753	688	154.58	918	521
321	336	Network 18 Media & Invst.	1,751	891	96.47	973	809
322	357	Sadbhav Engineering	1,748	796	119.69	1,082	778
323	366	Graphite India	1,744	771	126.36	1,035	695
324	458	Strides Arcolab▲	1,739	549	216.55	774	530
325	369	FDC	1,719	765	124.67	996	562
326	NL	Persistent Systems	1,709	NL	na	NL	NL
327	252	Dishman Pharmaceuticals & Chemicals	1,687	1,403	20.25	1,614	1,796
328	282	United Breweries (Holdings)❑	1,662	1,199	38.63	1,471	1,823
329	326	Raymond	1,660	932	78.17	1,111	972
330	484	Wabco-TVS (India)	1,655	464	256.42	772	293
331	305	Binani Cement	1,640	1,074	52.72	1,244	924
332	391	Vardhman Textiles	1,639	687	138.55	939	460
333	NL	Man Infraconstruction	1,616	NL	na	1,809	NL
334	313	Electrosteel Castings	1,606	994	61.51	1,244	792
335	372	Unichem Laboratories	1,602	750	113.49	939	581
336	279	Alok Industries	1,592	1,213	31.30	1,297	679
337	234	Great Offshore	1,580	1,554	1.66	1,669	1,548
338	344	Consolidated Construction Consortium	1,578	861	83.24	1,153	1,508
339	355	Amara Raja Batteries	1,568	807	94.18	1,083	631
340	322	Brigade Enterprises	1,562	949	64.57	1,235	1,092
341	561	Money Matters Financial Services	1,548	326	375.30	405	137
342	261	Television Eighteen India	1,541	1,341	14.95	1,401	2,086
343	388	City Union Bank	1,522	709	114.62	880	677
344	256	Monsanto India	1,517	1,364	11.25	1,403	1,212
345	227	Praj Industries	1,502	1,664	-9.78	1,682	2,204
346	400	Abbott India ◗◗	1,486	666	122.99	866	658
347	398	Orbit Corporation	1,481	667	122.10	1,074	767
348	265	Kesoram Industries	1,480	1,310	13.04	1,467	1,015
349	373	SRF	1,462	747	95.66	951	659
350	384	Uttam Galva Steels	1,451	714	103.30	1,050	403

MONEY MATTERS FINANCIAL SERVICES LTD.

An apt name for this value creator

For Key to Tables see Methodology on pg 152

Piled up losses of Wockhardt (No. 310) have entered four figures

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
576	695	123	48	1343	14	14	889	11.39	2.56	2.56	0.21
248	1,103	471	274	670	74	34	364	15.67	69.07	68.68	47.26
3,767	170	830	768	438	91	90	314	10.94	5.12	2.49	4.02
1,893	297	354	330	815	59	26	427	16.63	5.71	5.29	34.95
778	557	1,577	1,409	234	50	-64	479	3.19	19.06	13.11	16.47
1,079	445	622	548	543	40	27	552	6.46	4.52	3.5	15.82
349	932	178	120	1157	20	9	769	11.47	20.71	12.52	0.79
616	663	1,124	1,025	333	67	61	384	5.98	21.11	24.35	12.19
405	855	305	424	881	59	100	426	19.37	21.3	21.11	43.9
3,224	187	2,088	1,495	182	-794	-349	2942	-38.04	-158.19	-50.21	-16.42
968	491	1,013	628	370	90	50	318	8.89	37.04	24.99	99.94
4,476	141	2,799	3,128	132	124	228	254	4.42	3.83	3.49	2.66
533	736	651	392	529	80	40	350	12.29	21.09	21.08	9.05
3,871	161	2,160	1,611	172	106	60	284	4.91	11.27	4.57	4.15
1,242	394	1,497	1,212	249	42	7	536	2.77	8.19	4.79	3.55
1,035	463	999	906	372	93	76	305	9.32	21.55	21.32	7.95
1,022	468	1,161	1,203	322	131	111	242	11.25	17.72	17.71	16.63
889	515	1,468	1,181	253	118	56	266	8.03	27.56	27.36	26.69
5,139	123	2,406	2,022	150	137	159	230	5.69	10.52	3.7	5.3
594	679	1,013	1,036	371	108	67	279	10.68	31.68	31.44	53.08
1,629	328	57	97	1710	-45	-19	2893	-77.89	-5.41	-4.13	-4.43
1,363	370	1,276	1,074	295	54	63	458	4.22	16.86	12.47	55.48
1,781	316	1,209	1,212	307	232	194	150	19.2	20.82	17.37	11.34
2,550	240	874	803	413	106	6	285	12.07	10.58	4.49	7.47
676	612	692	605	504	149	83	218	21.51	31.69	31.59	7.79
833	534	516	527	631	117	59	270	22.68	22.43	22.33	37.87
1,181	411	370	429	794	71	92	369	19.19	11.99	8.06	8.34
2,606	234	403	455	758	41	65	548	10.13	1	0.69	2.82
2,882	211	1,534	1,544	242	25	-272	697	1.63	-3.59	-1.81	-3.78
394	873	660	503	523	78	36	355	11.86	33.74	32.36	51.91
2,532	244	2,093	1,723	181	282	109	116	13.47	51.66	22.51	10.5
4,912	127	2,858	2,778	128	216	142	160	7.55	15.59	5.91	43.72
602	674	494	536	646	77	73	358	15.56	21.54	21.57	15.4
3,191	188	1,657	2,103	226	206	140	167	12.45	11.31	6.81	5.46
833	533	705	681	491	134	125	236	19.01	23.09	22.32	37.43
12,192	52	4,599	3,241	78	247	188	137	5.38	14.59	3.54	3.26
3,562	180	1,014	953	369	175	211	183	17.22	19.83	5.71	48.12
1,599	332	664	366	518	94	69	304	14.09	17.12	17.02	5.37
983	483	1,716	1,608	221	167	80	196	9.73	34.97	25.53	18.76
1,988	286	364	444	801	46	83	502	12.71	4.45	2.96	4.71
387	882	200	170	1088	114	101	276	56.68	55.01	55.05	41.09
1,983	287	342	425	832	-32	20	2874	-9.5	-4.35	-2.47	0.04
11,559	55	1,100	928	344	153	122	212	13.89	20.48	19.43	4.12
538	731	433	421	716	54	74	459	12.42	16.32	16.32	68.99
862	525	678	817	511	114	130	275	16.78	19.64	19.64	4.1
424	835	830	732	437	78	63	356	9.34	31.46	31.41	53.69
1,743	321	494	287	647	96	38	299	19.44	13.8	7.94	8.21
6,101	106	5,151	4,419	67	237	379	143	4.61	15.2	6.5	32
2,890	210	2,412	1,977	149	309	163	111	12.83	27.07	17.9	45.14
4,181	152	4,702	4,570	76	57	100	436	1.21	7.26	2.52	8.53

Check the performance of the BT 500 companies over the past five years. Go to www.businesstoday.in/bt500

INDIA'S MOST VALUABLE COMPANIES—Private Sector

Kingfisher's increased losses push it down the market cap charts...

..but Maytas Infra has reduced losses, and climbed more than a 100 places

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
351	414	Supreme Industries×	1,448	635	128.03	804	439
352	335	Jai Balaji Inds.	1,446	893	61.82	1,183	824
353	359	Adhunik Metaliks	1,423	783	81.69	1,021	745
354	363	Ess Dee Aluminium❑	1,422	776	83.17	908	762
355	515	Cholamandalam Investment & Finance Co.	1,419	386	267.39	418	458
356	350	HEG	1,407	839	67.58	1,086	830
357	290	Thomas Cook (India)▲	1,402	1,165	20.31	1,265	1,113
358	405	Arshiya International	1,400	653	114.26	817	764
359	268	Kingfisher Airlines	1,384	1,286	7.61	1,368	1,298
360	236	Future Capital Holdings	1,376	1,521	-9.52	1,445	1,855
361	NL	Vascon Engineers	1,371	NL	na	1,237	NL
362	NL	Hindustan Media Ventures	1,362	NL	na	NL	NL
363	419	Ahluwalia Contracts (India)	1,362	621	119.17	887	564
364	345	Century Plyboards (India)	1,356	865	56.70	932	1,020
365	536	Solvay Pharma India▲	1,346	355	279.10	671	286
366	483	Maytas Infra	1,331	464	186.99	713	2,258
367	248	Nagarjuna Fertilizers & Chemicals	1,329	1,419	-6.39	1,415	1,227
368	NL	Veritas (India)❑	1,324	NL	na	106	NL
369	401	Plethico Pharmaceuticals▲	1,319	663	98.91	914	918
370	246	Reliance Industrial Infrastructure	1,317	1,426	-7.64	1,407	1,020
371	210	Everest Kanto Cylinder	1,306	1,834	-28.79	1,654	2,316
372	424	Shree Ashtavinayak Cine Vision❑	1,306	621	110.29	796	507
373	412	Swan Energy❑	1,300	637	103.97	1,021	452
374	341	Gitanjali Gems	1,291	874	47.75	943	1,397
375	317	ABG Shipyard	1,281	968	32.36	1,081	1,430
376	325	3i Infotech	1,269	932	36.18	1,176	973
377	376	Navneet Publications (India)	1,268	736	72.30	883	586
378	332	Panacea Biotec	1,245	916	35.92	1,086	1,500
379	315	Gateway Distriparks	1,244	990	25.65	1,190	925
380	308	Jyoti Structures	1,239	1,044	18.71	1,173	779
381	471	Eclerx Services	1,236	490	152.46	655	312
382	329	Ingersoll-Rand (India)	1,235	932	32.44	1,002	905
383	397	Dhanlaxmi Bank	1,229	670	83.57	791	400
384	392	JK Cement	1,228	685	79.16	870	651
385	380	Deepak Fertilisers & Petrochemicals Corpn.	1,220	727	67.80	807	678
386	253	Asian Star Co.	1,217	1,390	-12.47	1,335	1,296
387	270	Mercator Lines	1,213	1,266	-4.16	1,324	1,440
388	457	Balkrishna Industries	1,206	549	119.57	758	654
389	364	Orchid Chemicals & Pharmaceuticals	1,206	778	55.05	999	1,154
390	354	Asahi India Glass	1,192	831	43.48	939	776
391	385	Shriram EPC	1,185	716	65.53	824	726
392	300	Firstsource Solutions	1,184	1,104	7.22	1,265	1,141
393	383	Jindal Poly Films	1,183	721	64.12	754	596
394	348	Heidelberg Cement India▲	1,160	852	36.02	923	376
395	NA	Sigrun Holdings	1,159	339	241.27	1,540	25
396	294	Jindal Drilling & Inds.	1,154	1,151	0.21	1,192	1,157
397	389	Bilcare	1,152	701	64.37	799	1,005
398	411	Merck▲	1,138	642	77.36	799	537
399	409	Gokul Refoils & Solvent	1,127	647	74.27	702	553
400	435	Page Industries	1,126	598	88.11	726	447

For Key to Tables see Methodology on pg 152

Stars till a few years ago, Everest Kanto (No. 371) and Mercator (No. 387) have got bogged down

TOTAL ASSETS (Rs cr)		SALES (Rs cr)			NET PROFIT (Rs cr)			PROFIT AS % OF SALES	RONW (%)	ROCE (%)	EPS (Rs)
2009-10	Rank	2009-10	2008-09	Rank (2010)	2009-10	2008-09	Rank (2010)	2009-10			On Sep 30
1,150	426	2,188	1,822	171	145	97	221	6.62	42.38	23.31	63.81
2,997	200	2,069	1,894	185	32	1	619	1.54	4.89	1.75	4.7
2,459	246	1,399	1,328	271	54	30	457	3.85	11.32	4.43	5.6
602	675	430	315	721	66	62	392	15.45	17.87	15.73	35.05
7,176	91	1,146	1,147	326	15	43	853	1.35	-16.34	-3.11	-2.36
1,764	319	1,168	1,070	318	171	107	190	14.65	26.9	19.05	37.36
637	639	250	283	976	22	30	739	8.88	7.27	7.27	1.36
1,066	450	283	267	912	15	18	854	5.44	2.92	2.16	2.72
8,007	87	5,362	6,236	65	-1,744	-1,609	2944	-32.54	51.39	-86.31	-47.24
1,227	400	56	136	1727	17	9	813	30.98	2.3	1.9	3.24
1,243	393	759	565	465	44	20	518	5.83	8.31	6.78	4.91
331	951	168	18	1180	15	0.08	866	8.77	30.44	11.96	1.78
863	524	1,573	1,172	236	82	58	341	5.2	37.77	35.23	13.82
535	733	852	762	424	81	11	346	9.5	40.77	31.3	3.48
172	1291	253	218	965	40	33	554	15.8	31.76	31.76	95.91
1,808	310	1,450	1,412	258	-250	-490	2933	-17.21	-187.44	-51.47	-56.75
3,121	192	2,010	2,386	194	66	32	394	3.3	4.1	3.39	1.64
19	2365	66	4	1643	0.22	0.14	2053	0.33	16.36	6.65	0.21
1,318	377	499	541	642	107	61	282	21.43	16.31	8.71	20.64
231	1138	59	79	1689	22	22	741	37.09	12.43	12.89	16.2
961	493	436	399	713	40	37	550	9.3	5.06	3.23	-0.65
538	730	146	97	1255	13	14	917	8.87	11.82	3.52	0.25
491	761	222	73	1035	32	21	621	14.26	44.75	18.64	4.34
4,368	148	3,402	2,730	108	142	127	225	4.18	7.22	5.97	18.42
5,394	118	1,923	1,426	202	229	171	151	11.9	21.92	10.07	30.02
2,907	208	951	890	389	-100	185	2921	-10.48	15.06	5.25	-6.61
393	876	529	506	615	68	59	378	12.85	24.08	20.65	3.12
1,788	312	983	823	379	80	-69	351	8.14	10.17	5.7	16.25
774	564	167	211	1182	77	94	357	46.1	11.12	10.92	5.26
1,529	346	2,082	1,746	184	91	80	313	4.37	19.84	16.67	11.68
247	1107	262	202	944	73	61	366	27.66	39.81	39.81	31.3
904	509	436	483	712	47	67	496	10.88	6.49	6.49	20.67
8,087	85	628	490	538	23	57	727	3.71	4.68	3.2	2.11
3,002	199	2,275	1,894	160	226	142	156	9.93	17.51	12.92	26.5
1,965	291	1,441	1,540	260	172	149	187	11.94	16.19	9.67	18.35
1,066	449	1,355	1,262	280	28	19	659	2.08	8.31	6.97	24.83
3,355	184	765	1,223	459	6	181	1157	0.84	-10.51	-4.78	-5.52
1,573	338	1,427	1,267	266	209	70	163	14.63	36.58	29.74	103.84
3,788	168	2,301	1,296	158	331	-52	108	14.4	-84.79	-30.29	-89.8
2,010	282	1,364	1,317	277	1	-41	1688	0.09	-2.56	-0.4	0.63
1,824	306	1,124	925	334	45	40	515	3.97	10.31	5.52	15.53
2,286	259	834	838	434	67	15	382	8.07	6.08	2.64	1.06
2,121	268	1,809	1,607	212	208	126	164	11.52	15.86	11.55	137.98
1,132	432	1,085	932	348	134	126	235	12.35	18.14	18.56	3.63
365	909	2	0.01	2614	0.4	-0.2	1936	22.05	0.07	0.07	0.01
589	685	1,201	784	311	84	37	337	7.01	27.18	25.36	41.44
1,389	364	564	486	580	75	61	361	13.37	12.43	7.09	33.93
573	699	526	456	620	65	63	400	12.46	14.09	14.09	47.47
1,261	389	2,852	2,754	130	43	23	527	1.51	11.14	8.21	3.21
272	1055	353	267	816	40	32	557	11.22	42.76	34.72	38.71

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INDIA'S MOST VALUABLE COMPANIES—Private Sector

A plunge in value, as profits prove elusive

moserbaer

The market seems to have seen value in its moulded luggage

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
401	249	Moser Baer India	1,124	1,412	-20.40	1,396	1,709
402	444	Madhucon Projects	1,124	571	96.72	859	817
403	450	Grindwell Norton▲▲	1,120	564	98.70	676	541
404	310	Rain Commodities▲	1,119	1,029	8.80	1,207	1,085
405	333	Orient Paper & Inds.	1,118	909	22.98	918	578
406	432	Gruh Finance	1,115	599	86.27	660	436
407	361	Hexaware Technologies▲	1,109	783	41.56	986	564
408	417	Sundram Fasteners	1,107	629	75.95	858	483
409	374	ICRA	1,103	742	48.63	785	538
410	433	NIIT	1,095	890	23.13	1,001	993
411	399	FAG Bearings India▲	1,094	670	63.26	789	568
412	500	KPIT Cummins Infosystems	1,088	424	156.24	643	369
413	360	Time Technoplast	1,084	787	37.79	861	1,094
414	410	Allied Digital Services	1,075	642	67.45	834	985
415	408	Ansal Properties & Infrastructure	1,074	644	66.69	755	859
416	433	NIIT Technologies	1,068	598	78.65	777	543
417	338	Entertainment Network (India)	1,047	889	17.78	935	1,175
418	452	Finolex Industries	1,038	560	85.43	620	570
419	711	VIP Industries	1,033	198	420.82	356	168
420	440	Taj GVK Hotels & Resorts	1,010	575	75.82	746	505
421	283	Bannari Amman Sugars	1,010	1,195	-15.45	1,264	875
422	153	Rei SixTen Retail❑	1,010	2,819	-64.18	2,240	NA
423	702	Jayaswal Neco Inds.	1,010	204	395.36	273	301
424	NL	Aqua Logistics	1,004	NL	na	518	NL
425	NA	Prraneta Industries□	1,003	92	994.52	336	15
426	508	TRF	994	402	147.28	584	301
427	379	SREI Infrastructure Finance	991	730	35.87	800	936
428	NA	SE Investments	989	59	1,574.93	129	93
429	276	Koutons Retail India	972	1,236	-21.37	1,166	1,962
430	496	Lakshmi Vilas Bank	967	430	124.99	607	395
431	NL	Centrum Capital▼	956	1,089	12.23	1,016	914
432	437	Karuturi Global	953	592	60.94	722	633
433	242	Reliance Mediaworks	947	1,467	-35.45	1,345	1,691
434	387	Voltamp Transformers	943	709	33.10	780	651
435	514	McNally Bharat Engg. Co.	939	388	141.88	550	288
436	426	Development Credit Bank	934	612	52.62	657	772
437	314	Geodesic	932	991	-5.93	1,048	1,166
438	453	Saraswati Industrial Syndicate◆	931	559	66.53	687	460
439	504	Elgi Equipments❑	930	316	194.02	422	249
440	567	Kemrock Industries & Exports❑	929	319	190.90	366	305
441	416	IL&FS Investment Managers	928	634	46.44	755	499
442	543	Hindustan Dorr-Oliver	927	347	167.55	479	251
443	774	TTK Prestige	925	165	458.96	315	146
444	512	Kennametal India▼	924	396	133.53	498	438
445	505	Mahindra Forgings	922	409	125.33	595	692
446	574	Ushdev International	921	309	198.08	471	94
447	475	Transport Corporation Of India	921	476	93.32	572	455
448	413	Hinduja Global Solutions	917	635	44.43	805	452
449	429	Esab India▲	911	606	50.41	709	518
450	485	JBF Industries	911	463	96.47	545	440

For Key to Tables see Methodology on pg 152

TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	2008-09	Rank (2010)	NET PROFIT (Rs cr) 2009-10	2008-09	Rank (2010)	PROFIT AS % OF SALES 2009-10	RONW (%) 2009-10	ROCE (%) 2009-10	EPS (Rs) On Sep 30
4,675	133	2,366	2,577	153	-36	-151	2,880	-1.53	-5.19	-2.87	-8.08
1,665	325	1,394	1,045	272	46	47	508	3.28	8.22	5.87	5.85
749	571	777	578	455	88	55	327	11.26	23.96	24.27	13.31
1,198	408	1,102	1,240	342	155	85	209	14.03	27.44	17.65	8.7
1,740	322	1,842	1,763	210	159	200	203	8.65	22.33	14.16	5.85
2,768	222	309	295	872	69	50	377	22.31	28.07	2.7	18.93
968	488	536	522	605	124	37	253	23.15	16.14	16.15	5.8
1,316	379	1,438	1,383	261	75	17	362	5.22	16.75	10.09	3.83
303	998	128	101	1,322	50	36	484	39.08	25.95	25.95	45.64
904	510	657	587	524	31	47	624	4.74	7.69	5.27	1.87
614	667	875	838	411	66	96	399	7.49	16.59	16.68	53.74
589	684	435	650	715	78	63	353	18.06	28.89	23.65	8.68
919	505	706	596	489	68	59	379	9.59	14.84	11.4	3.33
744	575	475	397	665	97	80	298	20.36	20.4	20.39	24.4
3,848	162	787	725	451	67	52	383	8.55	4.51	2.36	7.01
659	619	505	542	639	95	89	301	18.83	24.8	24.74	16.63
456	802	234	235	1,005	18	3	804	7.64	5.47	4.98	4.95
2,181	266	1,650	1,735	227	132	-38	240	8.02	25.22	17.8	13.17
388	881	655	552	527	50	9	483	7.64	30.36	27.61	23.32
498	754	230	239	1,013	36	53	591	15.8	12.98	9.23	6.59
1,227	399	911	737	400	144	120	222	15.77	23.2	18.09	84.14
280	1,034	832	152	436	23	4	735	2.72	50.72	50.15	2.17
2,037	281	1,943	1,806	201	69	-14	376	3.56	11.81	5.21	2.05
278	1,040	322	214	853	21	11	767	6.37	14.44	12.89	9.42
11	2563	4	7	2508	NA	NA	NA	NA	NA	NA	NA
714	587	670	560	515	47	46	499	7.04	33.63	29.66	45.96
4,487	140	470	326	672	111	50	278	23.71	15.5	4.34	10.47
650	625	88	49	1,516	26	14	677	29.81	14.11	6.77	2.48
1,370	368	1,207	1,063	309	80	79	348	6.65	17.63	12.99	25.41
10,499	58	1,016	767	368	31	50	631	3.02	5.13	3.67	0.58
264	1,071	78	59	1,566	16	20	836	20.79	8.88	7.36	12.43
869	523	30	46	1,993	9	5	1,050	29.69	2.07	1.1	0.21
2,435	249	546	611	593	-104	-30	2,922	-19.13	-23.78	-10.22	-15.34
397	869	620	767	544	83	115	340	13.31	27.66	27.66	77.48
1,589	334	1,488	997	250	35	34	601	2.33	16.17	11.95	13.81
6,151	105	569	768	578	-78	-88	2,912	-13.78	-13.41	-7.93	-1.22
1,449	359	511	539	634	175	191	182	34.22	24.25	13.58	20.7
1,154	424	1,782	1,377	215	51	27	477	2.87	13.96	10.75	122.98
322	965	525	506	621	39	40	559	7.52	21.79	22.33	8.04
999	476	389	234	772	32	25	620	8.18	14.33	6.39	25.16
130	1,447	96	101	1,476	39	37	561	41.05	51.59	51.59	1.7
700	597	878	532	409	56	30	447	6.32	28.77	32.11	8.51
274	1,051	522	417	623	52	22	469	10.04	46.28	45.99	50.6
347	934	342	442	831	28	54	662	8.18	8.77	8.77	23.65
1,049	456	327	272	848	-95	-41	2,918	-28.95	-12.91	-10.35	-0.04
890	514	1,799	1,430	213	27	22	672	1.5	11.81	9.22	10.12
725	585	1,455	1,306	256	43	28	526	2.95	14.31	10.44	6.74
802	546	495	448	645	95	62	300	19.21	15.02	13.89	35.27
233	1,135	462	485	683	66	61	395	14.33	43.1	43.1	41.93
2,292	257	2,888	2,565	125	129	74	244	4.46	15.45	8.09	15.36

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INDIA'S MOST VALUABLE COMPANIES—Private Sector

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
451	331	Orissa Sponge Iron & Steel❑	909	932	-2.48	923	413
452	506	Sarda Energy & Minerals	901	409	120.44	540	650
453	431	Ruchi Infrastructure	896	599	49.52	852	416
454	378	Gujarat Alkalies & Chemicals	890	732	21.56	831	872
455	425	KSB Pumps▲	888	615	44.34	666	453
456	516	Kiri Dyes & Chemicals	887	386	129.56	651	192
457	441	Timken India▲	883	576	53.39	663	491
458	293	Sanwaria Agro Oils❑	870	1,149	-24.29	1,018	619
459	NL	Shree Ganesh Jewellery House	869	NL	na	NL	NL
460	617	Marg❑	867	266	225.42	382	322
461	467	Uflex	862	524	64.53	571	613
462	758	Piramal Glass	862	171	405.19	370	244
463	346	DCM Shriram Consolidated	855	854	0.10	888	738
464	462	Nesco	854	531	60.92	614	536
465	489	Tata Elxsi	849	450	88.65	595	428
466	430	Arvind	847	602	40.52	717	599
467	448	VST Industries	846	569	48.74	669	408
468	476	Amtek India▼	839	477	75.83	573	701
469	NL	DQ Entertainment (International)	838	NL	na	872	NL
470	402	Sanghvi Movers	837	651	28.70	775	663
471	461	Finolex Cables	837	532	57.22	673	632
472	382	Walchandnagar Industries◆	835	719	16.20	782	737
473	493	Tata Coffee	832	441	88.87	552	345
474	529	Unity Infraprojects	830	364	128.36	555	401
475	542	Magma Fincorp	829	353	135.04	389	595
476	324	Advanta India▲	816	949	-14.03	933	1,146
477	593	Nectar Lifesciences	814	292	178.45	414	351
478	533	Zylog Systems❑	808	358	125.75	471	283
479	434	HBL Power Systems	801	596	34.38	760	509
480	407	JK Lakshmi Cement	796	648	22.79	752	405
481	495	Gulf Oil Corpn.	795	430	85.16	561	481
482	396	Elecon Engineering Co.	794	670	18.56	725	759
483	216	Kirloskar Industries	783	1,700	-53.93	2,311	1,362
484	521	JB Chemicals & Pharmaceuticals	781	378	106.50	437	335
485	653	Surana Industries	776	283	174.55	342	158
486	675	Banco Products (India)	774	221	249.86	393	189
487	343	Geojit BNP Paribas Financial Services	772	865	-10.76	865	720
488	NL	Infinite Computer Solutions (India)	761	NL	na	890	NL
489	466	Solar Industries India	754	524	43.84	613	609
490	609	Savita Oil Technologies	752	278	170.45	403	282
491	540	Federal-Mogul Goetze (India)▲	750	350	113.97	566	194
492	633	Aegis Logistics	749	226	231.05	285	266
493	404	BL Kashyap & Sons	749	659	13.54	736	1,488
494	648	OCL Iron & Steel❑	748	242	208.56	296	91
495	479	ISMT❑	745	469	58.89	624	498
496	507	Hinduja Ventures	742	407	82.27	546	394
497	451	OCL India	739	560	31.93	621	461
498	472	Everonn Education	738	487	51.50	551	566
499	478	Chemplast Sanmar	737	474	55.59	633	286
500	509	Essel Propack▲▲	733	402	82.32	548	350

The Ajay Piramal company enters the BT 500

They heat swimming pools, and investors are slowly warming up to the stock

For Key to Tables see Methodology on pg 152

There are 20 newcomers to the first 500 on this page, including newly-listed companies

TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	2008-09	Rank (2010)	NET PROFIT (Rs cr) 2009-10	2008-09	Rank (2010)	PROFIT AS % OF SALES 2009-10	RONW (%) 2009-10	ROCE (%) 2009-10	EPS (Rs) On Sep 30
513	745	216	143	1048	-27	-4	2863	-12.6	-12.82	-6.87	-11.49
1,151	425	613	1,054	548	63	123	406	10.31	11.81	6.72	20.31
857	527	1,519	1,218	244	35	-12	603	2.28	12.5	5.91	0.89
2,548	241	1,510	1,608	247	172	192	188	11.38	6.82	5.89	12.17
545	723	605	671	552	66	65	396	10.93	21.08	21.06	36.19
616	662	361	301	804	25	8	701	6.89	18.21	9.12	15.24
532	737	356	466	813	33	53	613	9.15	9.39	9.39	6.87
375	899	815	751	440	38	44	573	4.63	27.08	31.75	3.19
1,534	345	3,002	2,218	121	166	132	197	5.52	35.2	35.01	37.47
968	490	488	289	651	41	67	546	8.38	12.54	7.48	16.96
2,436	248	1,786	1,914	214	90	105	317	5.06	9.04	4.52	14.67
1,164	419	711	640	485	16	-54	848	2.22	5.49	3.23	3.62
3,562	179	3,566	3,646	102	71	102	368	2	4.72	2.39	0.25
291	1013	122	99	1346	55	33	450	45.11	36.15	38.1	39.82
290	1016	377	419	785	48	58	491	12.7	29.43	29.43	12.54
3,790	166	2,388	2,479	151	52	-48	470	2.18	3.27	1.78	1.45
569	704	1,159	1,040	323	62	62	408	5.35	24.11	24.47	40.69
2,382	254	799	1,228	448	54	347	455	6.76	3.73	2.64	5.58
423	838	150	151	1240	20	16	770	13.5	13.09	11.33	-1.25
1,086	444	343	362	830	90	101	316	26.38	18.67	9.03	21.11
1,143	429	1,751	1,553	218	58	-35	430	3.29	9.3	6.86	7.8
978	484	538	732	601	23	40	726	4.35	4.93	8.87	4.56
649	627	378	340	784	32	19	617	8.47	9.76	7.39	18.77
1,727	323	1,517	1,166	245	85	70	333	5.61	17.61	10.48	12.19
4,559	137	704	626	493	66	39	393	9.45	14.83	3.67	6.38
635	641	117	176	1371	-41	9	2890	-35.56	-10.66	-8.9	-27.2
1,482	353	905	786	403	92	55	309	10.17	17.5	9.16	3.7
679	610	784	613	453	85	82	332	10.87	19.16	16.08	64.91
1,249	390	1,210	1,406	306	100	91	290	8.3	22.49	14.45	3.29
2,410	252	1,688	1,440	223	241	179	140	14.28	27.79	15.38	13.16
1,010	470	1,126	1,039	332	45	29	514	4	-1.13	-0.93	1.41
1,298	382	1,156	1,059	324	67	55	387	5.79	21.78	13.64	7.64
504	751	51	2,378	1769	39	116	569	76.25	5.26	4.26	37.95
875	521	695	752	501	101	79	289	14.54	17.33	14.61	12.34
1,424	360	1,051	908	356	35	33	600	3.3	-5.18	-2.25	6.61
396	871	442	321	704	78	41	354	17.74	39.09	38.89	11.41
605	673	289	160	903	57	15	435	19.76	19.37	19.37	2.45
281	1033	188	137	1121	44	37	520	23.39	25.27	24.93	9.37
452	806	528	485	618	31	25	623	5.92	16.87	13.33	18.95
824	536	1,360	1,293	279	86	17	329	6.35	29.78	24.9	58.08
706	590	840	798	432	46	-7	505	5.49	15.69	13.81	5.71
325	959	294	375	897	39	30	566	13.26	21.49	17.15	11.69
1,360	371	1,053	1,482	355	42	78	532	3.97	8.06	5.61	2.15
184	1262	239	204	997	4	8	1336	1.64	5.07	2.89	0.11
2,118	269	1,442	1,381	259	56	100	443	3.9	9.41	3.33	4.59
649	628	80	59	1554	39	33	565	48.57	6.3	6.3	19.24
2,057	279	1,542	1,274	241	164	116	199	10.62	22.54	11.81	26.11
389	880	212	127	1059	43	24	521	20.5	18.73	16.48	30.67
2,201	263	1,066	824	353	-128	-67	2925	-12.02	-35.42	-6.78	-1.83
1,173	416	534	411	608	35	27	602	6.47	5.24	3.51	2.28

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BT 500 THE NEXT 500—Companies 501-1,000

Oscar Investments (No. 522) is among the Top 50 by profits, while JK Tyre and Inds (No. 502) is in the Top 100 by sales

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
501	421	Mastek×	732	622	17.76	464	788	451	696	37	584	7.41
502	563	JK Tyre & Inds.	730	324	125.52	2,798	218	4,002	93	163	200	15.1
503	557	Manaksia❑	728	331	119.94	850	528	1,037	363	24	717	3.89
504	595	JMD Telefilms Inds.❑	723	292	147.87	15	2456	68	1628	0.45	1929	4.8
505	353	Aptech▲▲	722	828	-12.83	286	1019	238	998	86	328	41.67
506	513	Apar Industries	715	395	81.28	1,586	335	2,216	167	31	632	8.52
507	456	Alembic	714	555	28.82	1,038	461	1,048	360	21	763	2.78
508	767	Cmi FPE	714	170	320.26	375	897	416	743	27	669	15.88
509	NA	SPML Infra	712	425	67.35	1,389	365	1,418	268	52	473	10.24
510	541	Zensar Technologies	710	350	102.78	402	860	508	637	84	336	28.49
511	340	New Delhi Television	710	878	-19.13	475	777	356	812	-21	2844	-13.58
512	707	Shilpa Medicare	710	200	255.75	255	1087	245	987	46	504	29.57
513	477	Elder Pharmaceuticals	708	477	48.55	1,165	418	717	481	55	449	7.66
514	503	Bharati Shipyard	708	416	70.25	6,747	94	301	884	139	229	6.88
515	442	PSL	707	575	23.00	3,562	178	2,811	131	85	331	9.35
516	786	Hitachi Home & Life Solutions (India)	707	161	338.10	453	805	702	494	46	503	23.28
517	454	Titagarh Wagons	703	555	26.53	817	539	596	558	65	401	14.21
518	418	Delta Corp	700	628	11.51	479	771	60	1687	14	904	3.96
519	370	Cambridge Solutions▲	699	767	-8.77	470	782	260	951	21	762	7.5
520	616	Spectacle Industries	696	268	159.35	8	2670	51	1763	1	1776	13.54
521	602	Welspun India	695	284	144.50	2,745	224	1,975	199	115	274	6.28
522	473	Oscar Investments❑	683	489	39.68	1,488	352	1,121	336	953	36	97.6
523	459	Wire & Wireless (India)	680	542	25.35	454	804	202	1082	-174	2932	-92.42
524	NA	Sundaram-Clayton	676	257	162.76	641	635	582	568	12	942	2.75
525	351	Varun Shipping Co.	668	838	-20.33	3,817	163	911	401	13	925	-6.2
526	446	Lakshmi Energy & Foods◆	664	576	15.40	1,246	392	692	503	92	310	14.47
527	632	Pratibha Industries	664	257	158.67	1,090	441	944	391	57	439	17.02
528	445	Ajmera Realty & Infra India	663	574	15.49	422	839	25	2053	11	953	3.51
529	769	MSK Projects (India)❑	662	169	292.90	616	660	359	808	24	720	4.85
530	580	Godawari Power & Ispat	659	302	118.17	968	489	835	433	51	474	7.06
531	497	Hikal	654	429	52.44	1,063	451	545	594	89	325	16.28
532	524	Agro Tech Foods	653	372	75.75	276	1045	660	520	25	694	17.06
533	628	Phillips Carbon Black	653	258	152.69	1,544	342	1,385	274	123	256	19.34
534	491	Kirloskar Pneumatic Co.	651	446	45.79	396	870	485	655	48	492	26.31
535	634	Automotive Axles◆	649	256	153.35	383	889	297	892	10	1018	2.33
536	307	Indiabulls Securities	644	1,069	-39.72	976	486	345	828	61	415	21.78
537	481	Assam Company India▲	643	467	37.64	1,047	458	267	935	20	772	1.12
538	NA	India Securities	639	92	596.93	413	848	15	2205	7	1135	0.87
539	755	Hanung Toys & Textiles	638	172	270.06	1,070	447	853	421	90	315	18.66
540	547	Diamond Power Infrastructure❑	636	341	86.64	501	752	584	565	53	467	16.34
541	428	Provogue (India)	635	607	4.70	988	482	504	641	28	657	3.7
542	362	ICSA (India)	635	778	-18.44	1,626	329	1,247	300	122	259	15.78
543	658	KRBL	629	237	165.33	1,317	378	1,584	233	107	281	20.64
544	646	Henkel India▲	627	246	154.72	541	727	520	625	-13	2799	5.86
545	607	Balaji Distilleries	624	278	124.42	303	997	2,206	168	-5	2711	12.36
546	NA	SVC Resources	619	111	457.55	19	2364	14	2217	1	1642	11.43
547	597	Goodyear India▲	619	288	114.72	489	765	1,076	351	73	365	39.13
548	882	Atco Corporation❑	616	124	395.96	23	2279	12	2283	2	1509	2.31
549	NA	Lloyds Metals & Engineers	613	300	104.22	444	815	602	553	18	805	6.46
550	492	Bharat Bijlee	610	447	36.50	431	829	712	484	41	539	17.61

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

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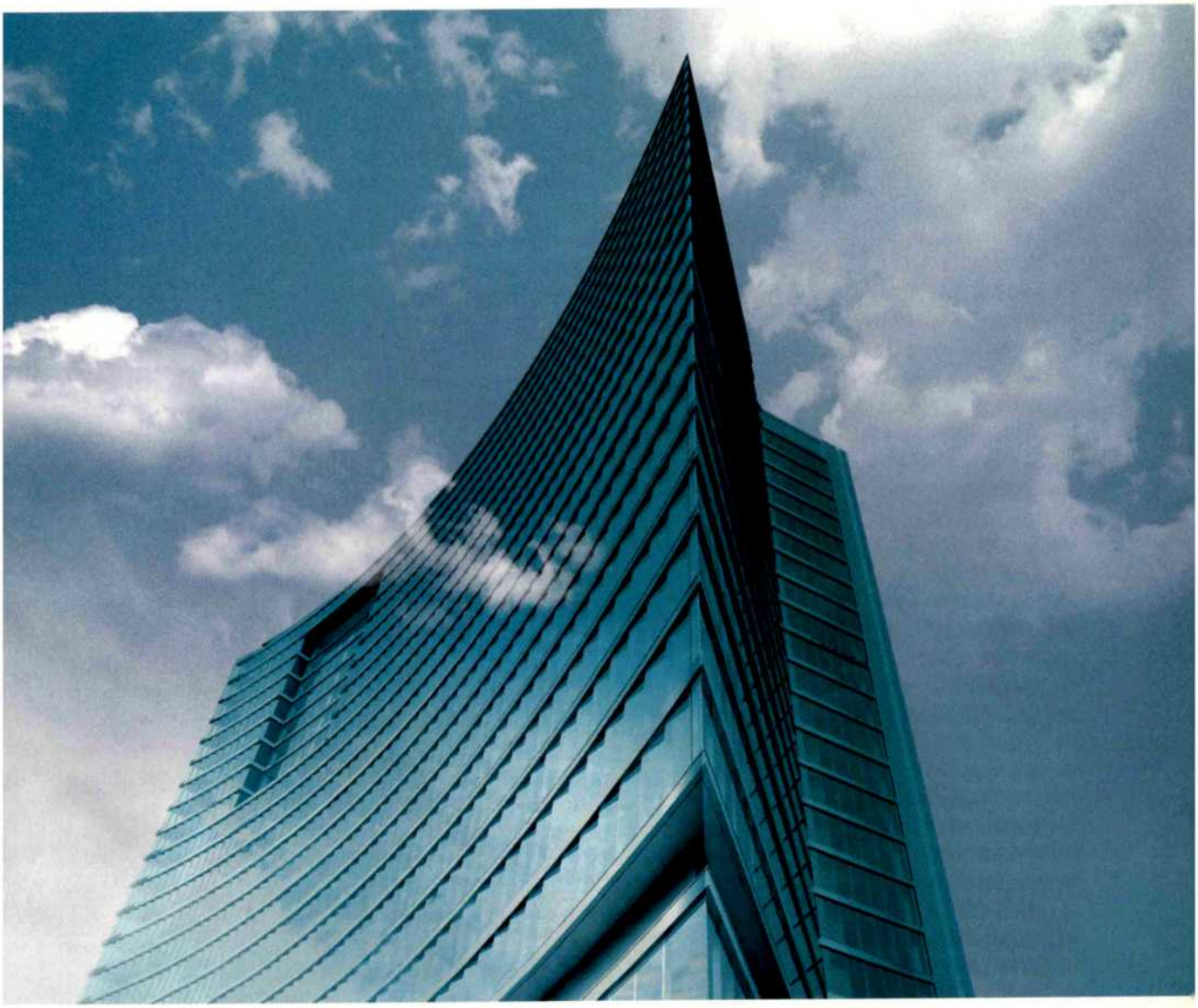

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THE NEXT 500—Companies 501-1,000

Splash Media & Infra's (No. 551) market cap grew 33 times. Its net profits, though, were less than a crore

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
551	NA	Splash Media & Infra	602	18	3,312.75	12	2532	1	2691	0.44	1933	6.96
552	697	Ineos ABS (India)▲	602	209	187.43	558	711	615	545	49	489	19.47
553	603	Ganesh Housing Corpn.	601	283	112.05	698	599	104	1429	48	494	7.62
554	712	KPR Mill	600	198	203.13	1,179	412	833	435	50	480	5.51
555	386	Noida Toll Bridge Co.	598	711	-15.89	685	606	85	1535	28	666	4.69
556	686	Kanani Industries	598	266	124.83	57	1883	87	1525	8	1092	37.07
557	526	Bombay Burmah Trdg. Corpn.	596	369	61.83	426	834	321	854	14	899	3.88
558	NA	Nitesh Estates	593	NL	na	233	1132	99	1458	5	1276	2.93
559	895	Genesys International Corpn.	589	122	384.49	112	1528	69	1625	29	652	29.18
560	576	Marathon Nextgen Realty❑	587	305	92.48	402	862	132	1305	42	533	15.82
561	494	Gati▼	587	439	33.68	813	541	633	533	-15	2815	-3.1
562	626	HSIL	585	260	124.54	1,239	397	850	425	36	588	5.63
563	594	Selan Exploration Technology	584	290	101.06	204	1204	76	1583	29	651	20.55
564	807	Ramco Industries	583	373	56.15	682	608	595	560	54	462	12.16
565	548	Ratnamani Metals & Tubes	581	340	70.84	889	516	926	395	81	343	15.79
566	623	Falcon Tyres‖	575	260	121.03	455	803	856	419	30	636	17.41
567	927	Tilaknagar Industries	571	112	410.35	767	566	491	649	33	610	10.81
568	488	Indo Rama Synthetics (India)❑	571	455	25.38	2,431	251	2,653	140	-98	2919	-6.53
569	474	Dynamatic Technologies	569	487	16.99	430	831	326	850	11	968	3.78
570	562	West Coast Paper Mills	568	326	74.61	2,114	270	672	514	55	451	2.58
571	808	Force Motors	566	152	273.14	843	531	1,172	316	60	419	8.89
572	534	Oriental Hotels	565	357	58.08	702	595	205	1070	23	729	5.08
573	785	Tinplate Co. Of India	564	161	249.52	915	506	814	441	67	385	12.77
574	652	Natco Pharma	563	240	134.16	533	735	318	860	48	493	14.19
575	551	Nalwa Sons Invsts.	562	339	65.82	281	1032	12	2280	9	1037	3.31
576	596	C & C Constructions▼	562	289	94.58	1,176	415	761	463	41	541	7.04
577	321	Sandur Manganese & Iron Ores	560	298	87.75	384	887	320	855	29	648	13.97
578	470	Seamec	560	499	12.25	575	698	442	703	204	169	48.24
579	780	Hawkins Cookers	559	163	241.78	122	1473	299	888	37	586	84.99
580	420	Sanghi Industries	557	625	-10.87	1,972	288	718	479	89	324	5.22
581	502	Kalyani Steels	556	422	31.92	821	538	1,208	308	43	523	8.86
582	464	TV Today Network	556	527	5.54	552	716	308	873	31	628	8.27
583	365	Shristi Infrastructure Devp. Corpn.❑	554	781	-29.05	193	1239	88	1517	1	1862	0.86
584	571	Sonata Software	549	313	75.37	324	960	261	948	60	420	22.47
585	945	Spice Mobility	548	110	397.47	458	795	1,049	357	71	370	65.89
586	610	Polyplex Corporation	547	274	99.60	776	558	336	838	60	423	13.04
587	668	Century Enka	541	230	135.02	1,158	422	1,346	281	100	292	14.7
588	NA	Mandhana Industries	536	NL	na	706	591	563	582	43	522	10.32
589	573	Sasken Communication Technologies	536	313	71.31	625	655	454	690	91	311	14.63
590	922	Venky's (India)	534	113	372.75	458	796	713	483	54	456	27.42
591	NA	Transformers & Rectifiers (India)	531	364	45.89	449	809	561	584	50	487	18.01
592	622	Vesuvius India▲	529	263	101.15	416	845	391	768	37	581	17.81
593	685	Indoco Remedies	524	214	145.06	480	770	418	737	42	530	12.21
594	814	Farmax India	523	150	249.44	NA	NA	NA	NA	NA	NA	NA
595	463	Himachal Futuristic Communications❑	523	527	-0.76	1623	330	224	1028	-317	2937	-29.96
596	590	Tata Sponge Iron	521	297	75.24	673	613	580	571	85	335	21.95
597	455	Forbes & Co.	518	556	-6.83	376	895	225	1026	-15	2813	-11.99
598	832	Atlanta	518	141	267.37	575	696	200	1089	41	538	12.41
599	569	Pennar Industries	517	316	63.53	457	799	862	416	50	481	23.29
600	692	Bhansali Engineering Polymers	516	210	145.66	406	852	342	833	11	984	13.37

For Key to Tables see Methodology on pg 152

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THE NEXT 500—Companies 501-1,000

Avance Technologies' (No. 628) market cap rocketed 1600% from the previous year— albeit on a very low base

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
601	465	Modern India	514	528	-2.59	153	1362	251	972	12	930	12.03
602	691	KNR Constructions	514	210	144.49	811	542	719	478	50	478	17.74
603	706	Murli Industries❑	512	200	156.59	1,316	380	530	613	46	506	3.5
604	954	Sujana Towers◆	510	109	368.28	660	618	701	496	32	618	8.13
605	539	Gokaldas Exports	509	353	44.05	906	507	1,176	314	-2	2621	-0.44
606	480	HFCL Infotel	509	470	8.25	779	556	306	877	-21	2846	-38.81
607	565	Sunflag Iron & Steel Co.	508	322	57.83	996	478	1,459	255	95	302	14.26
608	670	J Kumar Infraprojects	507	228	122.35	577	694	770	458	70	373	29.81
609	676	Prime Focus	507	221	129.72	627	653	103	1441	13	922	2.66
610	605	Kirloskar Ferrous Inds.	505	281	79.96	626	654	886	406	50	485	14.51
611	NA	Dunlop India	504	na	na	1,496	349	181	1148	1	1675	0.02
612	NA	TIL	503	218	130.54	546	721	888	405	47	500	17.16
613	537	Ceat	501	353	42.10	2,101	272	3,034	117	161	201	17.95
614	NA	Newtime Infrastructure▼	500	158	216.55	6	2738	0.5	2849	0.04	2225	1.67
615	681	Elantas Beck India▲	499	218	129.21	166	1307	218	1039	32	622	25.04
616	698	Hyderabad Industries	499	207	140.52	490	762	763	462	90	321	34.48
617	589	Mukand	498	297	67.87	4,389	147	2,246	163	62	409	3.22
618	737	Ferro Alloys Corpn.	495	183	170.83	251	1094	319	856	14	887	3.92
619	636	Kajaria Ceramics	486	254	91.48	648	630	773	457	36	595	10.44
620	620	Action Construction Equipment❑	486	263	84.89	283	1026	467	679	23	732	14.88
621	NA	Comfort Intech	486	83	484.85	30	2187	11	2301	2	1553	9.09
622	520	GHCL	485	383	26.60	2,948	205	1,289	292	141	227	6.43
623	599	Oil Country Tubular	484	286	69.08	352	928	340	834	56	446	36.2
624	NA	Asian Hotels (North)	484	683	-29.23	1052	454	146	1257	27	674	4.45
625	581	Eveready Industries (India)	483	300	60.89	1221	403	1,128	331	142	224	5.58
626	688	Supreme Petrochem	483	212	127.90	787	553	1,727	220	60	418	16.72
627	486	Emco	482	458	5.20	1,232	398	1,165	321	134	238	6.11
628	NA	Avance Technologies❑	482	28	1635.05	90	1642	77	1574	0.3	2020	1.17
629	618	Dolphin Offshore Enterprises (India)	480	266	80.54	405	853	536	607	47	501	21.52
630	550	Ashapura Minechem	480	340	41.21	749	572	580	572	10	1015	-13.77
631	NA	Asian Hotels (East)	476	NA	NA	792	550	45	1822	14	881	3.8
632	924	Parenteral Drugs (India)	472	113	318.60	587	687	339	836	27	670	7.49
633	750	Honda Siel Power Products	471	177	166.92	365	908	332	843	13	923	15.96
634	558	Jindal Worldwide❑	471	329	43.17	209	1191	190	1112	-0.05	2384	-0.07
635	575	Swaraj Engines	469	306	53.09	169	1302	316	862	37	582	34
636	498	Bartronics India❑	469	430	8.91	1,037	462	377	786	48	490	11.57
637	716	Gayatri Projects	467	193	142.60	1,289	383	1,257	299	49	488	12.76
638	907	PI Industries	464	119	291.64	470	783	626	539	41	545	18.7
639	NA	Talwalkars Better Value Fitness	464	NL	na	165	1311	67	1635	4	1298	6.24
640	673	NRB Bearings	463	227	104.18	357	922	383	781	24	709	9.25
641	643	Shree Ram Urban Infrastructure▲	463	247	87.71	800	547	41	1850	-14	2805	-3.2
642	560	Kolte Patil Developers	460	326	41.19	883	518	90	1504	28	665	4.09
643	531	Nitin Fire Protection Inds.	453	361	25.46	180	1272	95	1481	12	938	11.25
644	591	Nucleus Software Exports	452	296	52.69	299	1003	210	1064	34	608	14.58
645	656	Man Industries (India)	449	238	88.76	1,509	348	1,557	240	67	386	9.31
646	678	JK Paper	446	219	103.65	1,352	372	1,262	298	91	312	9.79
647	578	Mangalam Cement	446	304	46.77	651	624	752	467	119	264	34.44
648	730	Ahmednagar Forgings▼	445	185	140.17	974	487	518	628	36	594	5.38
649	695	Swaraj Mazda	443	209	111.95	570	701	782	454	21	749	10.92
650	664	GSS America Infotech◆◆	442	234	88.75	238	1125	72	1604	36	589	14.66

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

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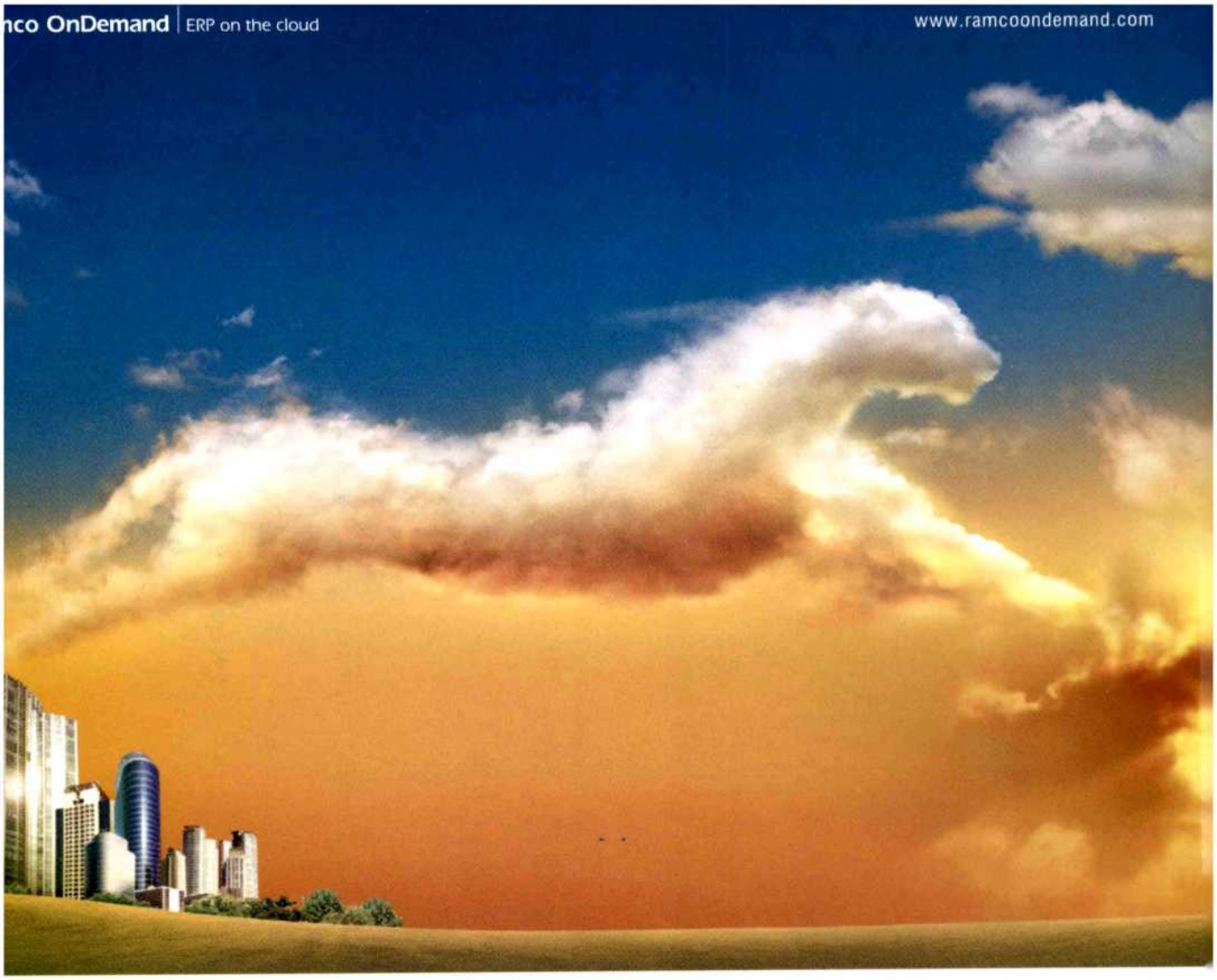
BT 500 THE NEXT 500—Companies 501-1,000

Rs 2,000-crore sales for both Sujana Metal Products (No. 667) and Mangalore Chemicals and Fertilizers (No. 698)

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
651	806	Maharashtra Scooters	439	153	187.03	224	1159	27	2028	8	1057	3.14
652	638	Ruby Mills	439	251	74.67	663	617	161	1204	19	789	7.85
653	600	JMC Projects (India)	436	285	52.95	888	517	1,323	287	39	564	12.49
654	701	Geometric	436	204	113.90	271	1056	229	1014	14	901	6.88
655	718	Nagarjuna Agrichem	434	191	126.74	555	714	715	482	60	425	23.42
656	630	Resurgere Mines & Minerals India	434	257	68.46	588	686	561	585	28	667	7.06
657	768	Andhra Pradesh Paper Mills	433	169	155.87	1177	414	682	509	54	454	5.13
658	316	Zee News	432	982	-55.97	413	849	526	619	44	519	15.3
659	554	Meghmani Organics	430	333	28.96	905	508	808	445	62	413	11.18
660	912	Jamna Auto Inds.	429	113	279.70	395	872	624	541	8	1080	3.37
661	570	Visa Steel	427	314	36.00	2,352	255	1,225	303	47	495	3.61
662	NA	Relaxo Footwears	427	67	537.78	348	933	558	587	38	574	20.89
663	564	Indraprastha Medical Corpn.	425	323	31.46	304	995	436	709	31	626	19.68
664	NA	MBL Infrastructures	424	NL	na	591	681	632	535	34	606	15.65
665	682	Bliss GVS Pharma	424	214	98.11	160	1330	174	1166	42	534	33.46
666	742	Greenply Industries	423	180	134.71	993	480	968	386	50	486	9.2
667	NA	Sujana Metal Products	422	85	398.35	1,534	344	2,015	193	25	693	3.76
668	840	Accentia Technologies❑	421	138	206.00	161	1327	80	1557	21	750	17.22
669	897	Vakrangee Softwares	420	119	251.81	459	794	410	748	24	711	8.52
670	NA	Jindal Cotex	420	215	95.33	233	1134	148	1245	7	1118	5.53
671	640	PVR	418	251	66.33	462	791	324	852	0.26	2028	0.03
672	588	Inox Leisure	416	298	39.77	558	710	260	950	26	681	5.15
673	926	Nilkamal	410	112	265.74	650	626	1,175	315	47	498	13.44
674	528	Suashish Diamonds	410	368	11.65	1,782	315	1,421	267	70	374	5.76
675	579	Jagatjit Industries❑	410	304	34.68	680	609	843	429	-5	2697	-2.43
676	NA	Subhkam Capital	409	164	149.30	50	1939	4	2487	1	1771	4.3
677	NA	Citurgia Biochemicals	405	NA	NA	13	2512	NA	2927	-0.32	2468	19.63
678	651	Aurionpro Solutions	405	240	69.07	285	1024	54	1739	4	1358	1.34
679	713	Fulford (India)▲	404	196	106.48	241	1117	202	1080	13	907	10.12
680	669	Zodiac Clothing Co.	404	230	75.97	226	1150	287	907	21	753	15.53
681	614	Kirloskar Electric Co.	404	270	49.79	632	648	929	394	38	578	11.2
682	510	MIC Electronics▼	403	401	0.43	463	789	247	982	67	389	22.49
683	606	Hercules Hoists	402	280	43.52	154	1351	96	1470	14	876	15.35
684	965	Gabriel India	400	108	271.69	450	808	765	460	24	713	10.84
685	671	Nirlon	397	227	74.79	776	559	58	1700	-18	2833	-3.68
686	739	Kewal Kiran Clothing	397	182	117.90	221	1170	187	1124	33	614	19.61
687	553	KCP	397	335	18.31	670	614	410	750	60	422	14.33
688	552	Himatsingka Seide	396	338	17.11	1248	391	487	653	8	1068	0.8
689	585	Paper Products▲	391	299	30.99	447	812	639	531	37	580	11.38
690	612	Abhishek Industries	391	273	43.36	2,567	238	1,863	205	56	441	3.25
691	586	Aarti Industries	390	299	30.61	1,160	421	1,340	284	70	372	12.65
692	NA	Sona Koyo Steering Systems	390	232	68.24	579	692	970	385	22	746	6.04
693	709	Sterling Holiday Resorts (India)❑	387	199	94.55	268	1060	47	1813	-22	2851	-16.71
694	649	Vikas WSP❑	387	242	59.67	786	554	388	774	122	261	16.73
695	703	Orient Abrasives	386	203	90.01	273	1052	352	817	51	476	34.22
696	621	Kaveri Seed Co.	386	264	46.11	311	982	164	1193	29	649	18.6
697	902	Parekh Aluminex❑	384	119	223.31	530	739	422	730	38	576	11.59
698	657	Mangalore Chemicals & Fertilizers	384	238	61.64	891	512	2,115	177	56	440	17.54
699	779	VST Tillers Tractors	384	163	134.90	194	1236	348	823	42	529	38.8
700	889	IFB Industries	383	122	214.07	304	996	656	525	54	461	35.9

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500



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Mr. S. Badrinarayanan, Vice President
RTE – Ancillary Unit of Brakes India Limited

"Ramco OnDemand ERP has helped us to strengthen our visibility and control across locations. The application integrates all business processes and provides reports on key operational parameters; this helps us to take well-informed business decisions. We find Ramco OnDemand ERP very user-friendly and our users are able to adapt to the application in a short period of time. I would like to mention that the support shown by Ramco Systems is really commendable."

Dr. A.S. Trivedi, Managing Director
Roop Telsonic Ultrasonix Limited

"Ramco OnDemand ERP has helped us to strengthen visibility among the franchisees and parent company. We now operate on the same application, resulting in better understanding and improved overall efficiency. We find Ramco OnDemand ERP very user-friendly, and the users are able to adapt to the application very easily. The support provided by Ramco Systems has been timely and quick; this has helped us enormously in implementing the solution, and we are very satisfied."

Mr. Dinesh Victor, Director
SIP Academy India Private Limited

"Ramco OnDemand ERP has proved to be very beneficial to our business, because the automation of key departments has increased our overall effectiveness. RODE now enables us to make better and faster decisions. The overall transparency provided by the heightened visibility of operations across all departments, enables us to function more efficiently."

Mr. Vijay Thakur, Head - IT
GFB Great Foods Private Limited

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BT 500 THE NEXT 500—Companies 501-1,000

Piramal Life Sciences (No. 723) clocked the highest return on capital employed among the 1000 private companies

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
701	NA	Rainbow Papers	383	57	566.76	654	621	290	902	24	721	5.79
702	390	KSL & Industries	382	708	-46.02	1,787	313	1,057	354	4	1330	0.29
703	989	Western India Shipyard❑	382	102	275.87	169	1300	70	1617	-21	2847	-167.39
704	NA	Oricon Enterprises❑	381	83	360.92	153	1359	69	1621	9	1042	3.38
705	501	Take Solutions	381	423	-9.85	316	974	56	1728	11	947	4.38
706	NA	Shri Ganesh Spinners❑	379	14	2,602.78	5	2770	8	2374	0.01	2299	0.25
707	566	Sahara One Media & Entertainment	378	322	17.46	436	821	204	1073	9	1046	2.3
708	555	Hindustan Motors	378	334	13.15	400	863	804	446	-51	2897	-69.35
709	NA	Asian Hotels (West)	377	NA	NA	378	893	61	1681	10	1003	6.16
710	330	Mavens Biotech❑	376	930	-59.56	15	2448	22	2097	1	1875	4.07
711	715	V-Guard Industries	376	195	92.89	310	984	464	682	25	687	17.84
712	662	Indian Hume Pipe Co.	375	234	60.17	683	607	601	555	29	654	15.87
713	NL	Midfield Industries❑	371	NL	na	81	1699	84	1540	5	1228	15.58
714	838	Vinati Organics	371	138	168.43	185	1259	247	984	40	553	32.64
715	913	Sudarshan Chemical Inds.	371	117	216.88	440	817	611	550	46	507	25.74
716	736	English Indian Clays	369	183	101.47	316	973	345	827	29	646	14.5
717	666	Premier	366	232	58.12	510	747	162	1200	17	828	5
718	727	Om Metals Infraprojects❑	366	186	96.31	535	732	119	1357	21	756	6.38
719	818	Dhunseri Petrochem & Tea	365	148	146.82	1,323	376	1,267	296	89	323	18.84
720	734	Gujarat Apollo Inds.	365	189	92.77	207	1195	218	1042	27	673	19.17
721	833	Everest Industries	365	140	159.79	491	760	691	505	30	637	12.33
722	792	Dhanuka Agritech	364	160	127.45	296	1007	447	700	36	590	31.58
723	777	Piramal Life Sciences	364	164	121.38	206	1199	6	2423	-130	2926	1110.63
724	783	Shrenuj & Co.	363	162	123.73	1,465	355	1,046	361	16	851	4.52
725	983	Supreme Infrastructure India	363	103	252.44	624	657	537	604	39	563	14.18
726	982	Shasun Pharmaceuticals	362	103	250.15	553	715	573	576	22	740	6.8
727	525	Zenith Infotech	361	373	-3.34	509	748	291	901	3	1399	9.71
728	NA	Emami Paper Mills	361	NA	NA	633	644	421	733	7	1125	1.22
729	NA	AGC Networks◆	360	167	115.01	402	861	525	622	15	855	6.41
730	NL	Parabolic Drugs	360	NL	na	690	605	564	581	30	642	16.89
731	655	India Glycols	360	240	50.05	1,858	302	1,451	257	20	775	1.22
732	809	Empire Industries	359	151	137.33	190	1246	198	1098	26	684	30.02
733	677	Tata Metaliks	358	221	62.13	638	638	1,155	325	46	510	12.69
734	NA	JVL Agro Inds.❑	358	84	327.90	640	636	1,391	273	26	682	24.5
735	661	Electrotherm (India)	357	235	51.76	2,858	214	2,037	189	54	460	3.29
736	535	Balaji Telefilms	357	356	0.21	429	832	194	1104	15	856	-1.17
737	559	Shanthi Gears	355	328	8.45	277	1041	137	1292	16	840	6.61
738	519	Nocil	355	383	-7.41	431	827	477	663	34	607	8.69
739	811	Rollatainers◆	353	149	137.58	181	1269	53	1747	-4	2690	-3.08
740	422	Tanla Solutions	352	622	-43.34	692	604	58	1705	3	1390	0.54
741	741	Nahar Spinning Mills	351	148	137.42	1586	336	1,121	337	53	464	5.61
742	598	Andhra Sugars	350	287	22.22	858	526	612	549	67	390	12.27
743	722	Numeric Power Systems	349	189	85.17	297	1005	465	680	37	587	19.85
744	583	Gujarat Ambuja Exports	349	299	16.74	769	565	1,436	263	60	421	13.27
745	878	Valecha Engineering	348	126	177.47	646	632	679	510	29	645	9.32
746	545	Zenotech Laboratories❑	348	348	0.12	134	1430	12	2288	-22	2850	-16.43
747	635	Rico Auto Inds.	348	255	36.55	924	501	843	430	6	1175	1.12
748	395	PVP Ventures	347	674	-48.43	996	477	0.25	2808	-372	2938	-33.3
749	917	Shirpur Gold Refinery❑	347	116	198.28	259	1081	0.05	2898	-18	2829	-6.78
750	839	Riddhi Siddhi Gluco Biols	347	137	153.35	540	729	763	461	39	562	12.84

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

BT 500 THE NEXT 500—Companies 501-1,000

Three companies, Nos 760, 777 and 790, grew over 1000% in market cap

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
751	517	Astra Microwave Products	347	386	-10.23	260	1075	112	1389	7	1111	5.34
752	NA	Sundaram Multi Pap	345	73	375.14	188	1251	152	1232	8	1082	6.97
753	NA	Reliance Broadcast Network□	345	NA	NA	35	2116	4	2490	1	1779	5.18
754	532	Dhampur Sugar Mills◆	345	358	-3.85	1,784	314	994	374	56	442	4.98
755	637	Suven Life Sciences	344	252	36.37	229	1143	130	1314	7	1124	4.8
756	778	Su-Raj Diamonds & Jewellery	342	164	108.97	3,132	190	3,136	114	65	402	8.54
757	859	Simplex Projects	341	131	160.71	628	652	570	577	36	592	20.2
758	NA	Symphony▼	340	45	657.78	81	1701	148	1247	43	524	69.32
759	611	DCW	339	273	24.07	1,046	459	1,113	338	68	380	9.84
760	NA	Tatia Global Venture	338	24	1,284.90	26	2244	1	2729	0.63	2097	1.22
761	584	Morepen Laboratories	338	298	13.29	646	631	230	1012	-2	2610	-6.2
762	708	Binani Industries	337	199	69.28	347	936	51	1761	17	827	6.37
763	665	Hatsun Agro Products	337	232	44.87	467	786	1,144	327	3	1453	0.88
764	700	Subex	335	205	63.07	1,173	417	418	738	137	232	10.47
765	690	Jay Shree Tea & Inds.	333	211	57.97	590	683	436	710	62	412	23.02
766	549	Garware Offshore Services	332	339	-2.00	788	552	189	1117	41	549	5
767	909	IT People (India)++	332	117	183.67	18	2395	18	2159	3	1404	19.22
768	NA	Pradip Overseas	331	NL	na	1,149	427	1,614	230	67	391	22.66
769	659	Ankur Drugs & Pharma	331	237	39.40	1,489	351	1,089	346	86	330	13.11
770	804	Timex Group India	331	154	115.14	133	1437	144	1262	5	1281	5.1
771	NA	Bodal Chemicals	329	65	406.71	447	811	532	610	14	885	7.34
772	754	Kothari Products	329	173	90.00	697	600	432	718	67	388	6.02
773	793	Varun Industries	329	158	108.02	1,412	361	1,565	238	24	718	3.44
774	881	UB Engineering	326	124	163.51	361	915	531	611	31	630	25.72
775	791	Lloyds Steel Inds.	324	161	101.61	1,868	300	3,007	120	-78	2911	-14.28
776	728	Atul	322	186	72.74	1,122	435	1,282	293	57	438	6.06
777	NA	Urja Global	321	4	7,949.62	45	1994	50	1780	0.4	1950	1.72
778	787	Hinduja Foundries	321	162	98.37	949	494	435	714	0.35	1973	-0.21
779	615	Entegra□	319	267	19.47	600	677	106	1425	1	1749	-7.04
780	803	Minda Industries□	318	155	105.40	317	972	504	640	15	857	9.2
781	876	SEL Manufacturing Co.	317	127	149.66	1,549	340	982	380	62	410	7.38
782	966	Bhagwati Banquets & Hotels	317	108	194.91	276	1047	89	1514	10	1013	5.07
783	592	Mirc Electronics	316	211	49.72	743	577	1,574	235	18	800	4.09
784	NA	Globus Spirits	312	177	76.36	250	1096	399	764	29	650	15.31
785	915	Rane Holdings	311	116	167.17	260	1076	45	1825	25	695	11.36
786	NA	Sequent Scientific	310	56	456.50	342	942	260	949	21	761	14.72
787	729	Vindhya Telelinks	309	186	66.47	322	963	220	1037	12	945	4.2
788	901	ZF Steering Gear (India)	307	119	158.29	196	1223	241	994	29	653	19.25
789	624	Genus Power Infrastructures□	306	261	17.46	740	580	590	562	13	912	2.95
790	NA	Empower Industries India□	305	11	2,796.49	55	1899	68	1632	0.06	2192	0.75
791	619	Garden Silk Mills	305	265	15.24	1,969	289	2,683	137	63	405	4.97
792	NA	Twilight Litaka Pharma	305	84	261.00	374	902	496	644	33	612	23.58
793	NA	Petron Engineering Construction	305	89	243.54	338	947	577	574	24	716	22.3
794	NA	Garware Polyester	304	64	373.10	630	650	331	844	25	689	6.83
795	760	EIH Associated Hotels	304	172	76.64	423	837	149	1243	5	1233	1.86
796	731	Navin Fluorine Intl.	303	184	64.28	472	779	450	697	74	363	26.33
797	990	Fedders Lloyd Corpn.▼	302	101	198.42	322	962	469	673	11	954	5.63
798	556	Andhra Cements□	300	332	-9.55	563	708	477	664	38	570	7.75
799	788	Wheels India	297	162	84.00	872	522	1,345	283	13	918	2.68
800	868	Spanco	297	129	130.92	1,815	308	1,236	302	62	411	9.08

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

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BT 500 THE NEXT 500—Companies 501-1,000

Cals Refineries (No. 831) loses out again. Its market cap has more than halved

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
801	850	Standard Industries	297	134	122.30	186	1258	38	1882	9	1051	-6.16
802	NA	Mahan Industries	297	2	12,475.42	5	2795	0.14	2857	-1	2550	-12.04
803	744	Gemini Communication	297	179	65.43	358	919	204	1075	1	1881	0.26
804	874	RSWM	296	127	132.75	1,463	356	1,658	225	36	593	3.71
805	NL	Prakash Steelage	296	NL	na	290	1015	458	686	18	809	15.91
806	794	Sical Logistics	296	159	86.50	1,133	431	562	583	26	676	1.34
807	NA	Shri Lakshmi Cotsyn▼	295	86	242.83	1,190	409	1,067	352	52	471	6.98
808	865	Surya Pharmaceutical	294	130	126.19	1,386	366	1,168	317	76	360	14.93
809	NL	Goenka Diamond & Jewels	293	NL	na	394	874	537	603	41	540	78.28
810	986	TTK Healthcare	290	103	181.42	155	1346	256	959	9	1035	15.59
811	762	CCL Products (India)	290	171	69.65	403	858	273	929	19	793	5.62
812	NA	FCS Software Solutions	289	69	317.03	329	952	97	1466	23	731	9.96
813	NA	Websol Energy Systems	289	175	65.66	457	800	148	1246	11	982	3.77
814	813	Birla Power Solutions	288	148	94.56	357	923	237	1000	3	1394	1.19
815	650	Goodricke Group▲	286	241	18.50	321	966	385	777	42	531	32.9
816	757	Subros	286	172	65.92	491	759	985	377	28	660	10.42
817	NA	Fame India	286	66	332.18	270	1058	151	1236	-6	2728	-5.2
818	741	Nahar Industrial Enterprises	285	181	57.17	1,545	341	1,036	364	19	781	1.72
819	735	Foseco India▲	284	184	54.79	103	1566	137	1291	13	926	18.51
820	587	Indo Tech Transformers	283	300	-5.79	217	1178	112	1390	-8	2759	-4.88
821	NA	Gujarat Natural Resources	282	79	256.29	23	2287	1	2717	0.01	2288	0.1
822	851	LGS Global	279	133	109.79	231	1137	189	1113	23	733	22.44
823	NA	Camson Bio Technologies	279	63	340.28	86	1663	80	1555	14	900	27.18
824	953	Omnitech Infosolutions	279	109	155.96	258	1082	218	1040	39	560	24.35
825	NL	Technofab Engineering	278	NL	na	118	1495	202	1083	19	791	40.83
826	NA	Essar Securities	278	NA	NA	25	2253	0.43	2765	0.03	2238	0.12
827	751	Ramsarup Industries	278	176	57.94	2,686	228	2,106	179	44	517	2.71
828	726	ITD Cementation India▲	277	188	47.50	1,156	423	974	384	5	1222	0.67
829	745	Ador Welding	276	178	55.02	185	1260	292	899	26	685	16.41
830	743	Halonix	275	180	52.93	345	939	457	688	-19	2840	-9.58
831	443	Cals Refineries	274	575	-52.32	931	500	NA	NA	NA	NA	NA
832	998	Ashiana Housing	274	100	175.01	277	1042	111	1396	35	598	32.68
833	925	Nelco	274	113	142.47	257	1084	374	788	3	1385	1.03
834	930	Astral Poly Technik	273	111	145.50	261	1074	310	869	28	661	19.17
835	511	Graviss Hospitality	271	398	-31.96	308	991	65	1648	3	1406	1.07
836	967	Borosil Glass Works	270	108	150.45	96	1606	93	1484	-25	2857	-58.57
837	834	DIC India▲	269	141	91.26	367	905	507	638	22	736	9.88
838	988	Southern Petrochemical Inds. Corpn.	269	102	163.13	1,964	292	812	443	-125	2924	-33.21
839	654	Mount Everest Mineral Water	268	241	11.32	66	1807	24	2057	-14	2810	-22.11
840	705	Elpro International	267	202	32.17	420	842	30	1985	-9	2768	-6.7
841	775	Denso India	266	165	61.14	472	780	813	442	19	794	9.11
842	NA	Pricol	266	96	176.29	654	622	875	412	25	686	5.23
843	825	Visaka Industries	264	146	81.19	526	740	647	530	57	434	19.86
844	NA	Zandu Realty	263	568	-53.77	26	2234	3	2557	1	1649	2.78
845	770	Saint-Gobain Sekurit India	262	168	56.16	88	1647	92	1491	5	1249	7.34
846	641	Vipul	261	249	4.64	1,059	453	294	895	17	814	3.32
847	861	AK Capital Services	260	131	98.51	293	1010	159	1211	54	453	30.66
848	781	MSP Steel & Power	259	163	58.67	794	549	424	729	32	616	7.17
849	765	Aditya Birla Money	258	169	52.38	230	1140	101	1452	9	1027	15.08
850	714	Empee Distilleries	257	194	32.41	406	851	854	420	17	820	5.8

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

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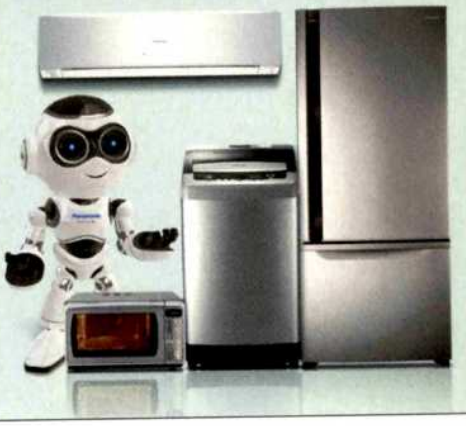

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THE NEXT 500—Companies 501-1,000

Ind-Swift Labs **(No. 868)** and Bajaj Hindusthan **(No. 875)** both have total assets among the Top 500

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
851	763	Sunil Hitech Engineers	257	171	50.55	652	623	751	469	23	724	15.5
852	969	Surya Roshni	257	107	139.29	1,061	452	1,898	204	45	513	8.64
853	672	Confidence Petroleum India❑	256	226	13.23	238	1124	257	957	14	891	8.63
854	937	Panchmahal Steel	256	111	129.51	307	992	318	857	15	871	9.39
855	NA	Sabero Organics Gujarat	255	84	203.62	289	1017	465	681	39	568	33.22
856	862	Gallantt Metal	254	131	94.39	385	885	451	694	24	723	8.61
857	680	ABG Infralogistics	254	218	16.73	665	616	159	1216	10	991	-0.11
858	NA	Steel Strips Wheels	254	81	214.67	610	672	454	691	15	874	4.82
859	841	Micro Technologies (India)	253	136	86.13	556	713	313	865	64	403	17.13
860	NA	Edserv Softsystems	253	62	305.33	68	1790	54	1743	18	802	44.34
861	NA	Odyssey Corporation□	253	13	1,878.72	41	2041	9	2361	1	1670	7.73
862	NA	Bellary Steels & Alloys❑	252	213	18.33	2,292	258	40	1860	-144	2927	-9.06
863	NA	APL Apollo Tubes	251	120	108.37	340	946	416	741	17	816	7.84
864	946	Bheema Cements❑	250	111	125.73	386	884	93	1487	15	852	6.52
865	740	Carol Info Services	248	182	36.74	611	670	176	1162	68	381	1.49
866	866	Excel Crop Care	248	129	91.48	570	703	676	512	37	579	22.36
867	NA	Ajanta Pharma	247	94	162.91	466	787	386	775	29	655	8.57
868	914	Ind-Swift Laboratories	247	118	109.71	1,310	381	803	447	58	429	9.02
869	717	Khoday India❑	247	193	27.80	274	1050	233	1008	-3	2670	-5
870	890	Lanco Industries	246	122	102.47	621	659	725	474	66	397	14.06
871	NA	Kabra Extrusiontechnik	246	80	205.70	152	1366	207	1068	21	748	25.54
872	694	BAG Films & Media	245	210	16.96	314	978	40	1862	-0.23	2447	-0.04
873	NA	Hindustan Composites	244	94	159.38	642	634	673	513	475	75	-34.29
874	NA	Sezal Glass❑	244	107	127.97	492	758	58	1706	2	1511	0.71
875	544	Bajaj Hindusthan Sugar & Inds.◆	244	346	-29.67	1,795	311	536	606	54	452	-7.29
876	747	Cosmo Films	243	178	36.69	709	588	790	450	45	516	9.97
877	964	Lumax Industries	243	108	125.42	488	766	719	477	6	1185	3
878	898	Lloyd Electric & Engineering	241	119	101.85	694	603	688	506	34	604	8.4
879	NA	Insecticides (India)	240	73	228.10	267	1063	400	763	28	658	25.49
880	572	Sagar Cements	239	314	-23.92	545	722	530	612	19	790	5.06
881	NA	India Motor Parts & Accessories	239	97	146.77	139	1407	362	803	25	705	23.57
882	NA	Aditya Birla Chemicals (India)	237	141	68.24	403	859	263	943	53	463	14.98
883	738	Jolly Board	237	182	29.87	202	1210	138	1283	51	475	75.47
884	916	Amrutanjan Health Care	236	112	110.64	119	1488	102	1445	12	935	9.52
885	719	Venus Remedies	236	191	23.23	359	917	312	866	41	542	16.45
886	NA	K Sera Sera Productions❑	235	88	166.91	225	1153	72	1608	-4	2691	-4.84
887	756	Indowind Energy▼	235	172	36.61	342	943	65	1649	1	1852	0.26
888	NA	GEI Industrial Systems	235	85	178.20	280	1035	270	931	14	880	14.42
889	699	Best & Crompton Engg.❑	235	206	13.86	298	1004	183	1143	24	708	12.8
890	963	Seshasayee Paper & Boards	235	108	116.32	743	576	538	600	40	555	8.45
891	852	Ion Exchange (India)	234	133	75.40	468	785	521	624	7	1144	2.45
892	NA	Siyaram Silk Mills❑	233	91	156.92	456	801	539	599	11	950	3.46
893	753	GMR Industries	233	175	32.82	708	589	233	1007	-58	2904	-18.31
894	761	Munjal Showa	232	171	35.69	525	741	1,081	349	25	707	9.3
895	NA	Artson Engineering	230	131	75.95	70	1771	132	1303	6	1165	47.63
896	887	Alchemist	228	116	97.56	327	955	400	761	16	849	6.02
897	877	Gillanders Arbuthnot & Co.	228	126	80.50	549	718	633	534	25	690	8.12
898	816	Harrisons Malayalam❑	228	148	54.21	545	724	294	896	6	1178	-3.2
899	642	KCP Sugar & Inds. Corpn.	227	248	-8.31	312	981	263	941	24	719	11.31
900	NA	Ramkrishna Forgings	226	103	119.48	380	892	308	874	11	965	5.15

For Key to Tables see Methodology on pg 152

To check the performance over the past five years, go to www.businesstoday.in/bt500

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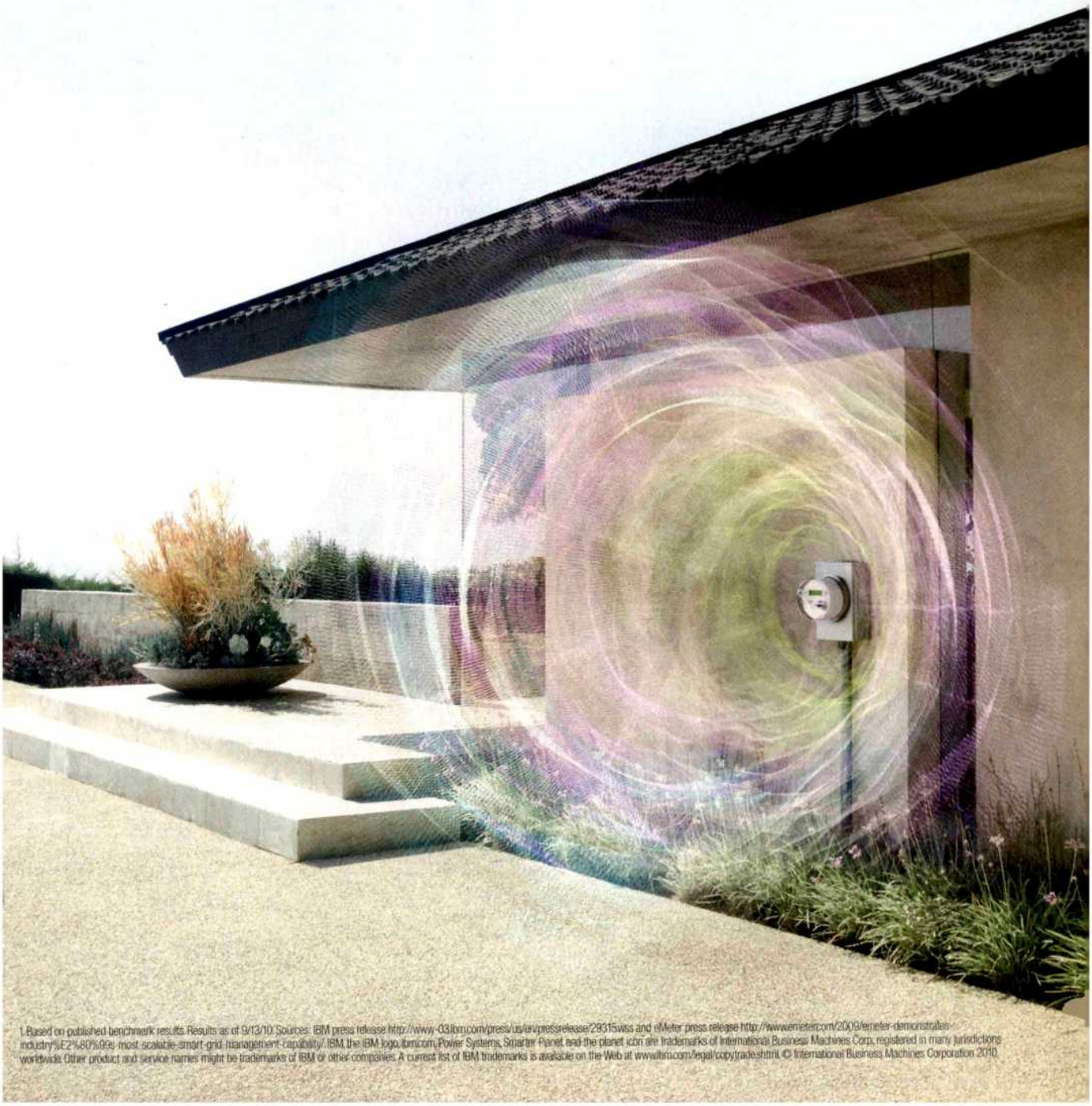

1.Based on published benchmark results. Results as of 9/13/10. Sources: IBM press release http://www-03.ibm.com/press/us/en/pressrelease/29315.wss and eMeter press release http://www.emeter.com/2009/emeter-demonstrates-industry%E2%80%99s-most-scalable-smart-grid-management-capability/. IBM, the IBM logo, ibm.com, Power Systems, Smarter Planet and the planet icon are trademarks of International Business Machines Corp, registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at www.ibm.com/legal/copytrade.shtml. © International Business Machines Corporation 2010.

THE NEXT 500—Companies 501-1,000

An animation studio (No. 942) is a surprise on this page. It gets support and triples its market cap

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
901	710	Shree Digvijay Cement Co.◌	225	199	13.40	245	1110	289	904	36	596	17.09
902	974	Jupiter Bioscience	224	107	110.55	789	551	184	1135	31	629	5.71
903	NA	TVS Srichakra	224	73	206.03	434	824	759	464	30	639	24.3
904	819	Easun Reyrolle	223	148	51.06	440	818	293	898	56	444	-1.86
905	NA	Neha International◆◆	223	26	773.45	51	1929	19	2133	1	1760	1.88
906	846	Brandhouse Retails	223	134	66.10	565	706	660	522	16	837	10.68
907	910	TCI Industries	222	117	89.06	7	2714	5	2450	-0.07	2399	0.47
908	NA	Coral Hub❑	221	665	-66.67	273	1054	62	1675	15	870	9.55
909	NA	Shree Nath Commercial & Finance❑	221	NA	NA	5	2802	0.07	2885	0.02	2276	0.69
910	880	Jindal Photo	220	125	76.03	264	1072	408	751	15	875	6.88
911	950	Heritage Foods (India)	219	110	99.64	374	901	891	404	6	1206	2.97
912	NA	Suprajit Engineering	218	75	190.56	154	1356	227	1019	22	743	22.72
913	972	Ester Industries	218	107	103.33	309	987	431	720	28	664	16.4
914	929	Mahindra Ugine Steel Co.	217	112	93.43	774	562	1,178	313	5	1278	1.62
915	873	Universal Cables	216	128	69.51	445	814	548	592	27	671	7.18
916	938	Siemens Healthcare Diagnostics◆	215	111	94.52	195	1233	172	1170	5	1230	7.91
917	797	Royal Orchid Hotels	215	158	36.01	358	920	79	1562	8	1064	3.41
918	674	Gujarat Sidhee Cement	215	223	-3.65	224	1158	706	490	57	432	46.29
919	746	Deep Industries	215	178	20.90	179	1275	56	1719	14	877	10.44
920	647	Disa India▲	214	247	-13.17	66	1811	80	1560	10	1007	27.2
921	601	Panoramic Universal	214	287	-25.23	213	1189	48	1796	21	751	11.82
922	827	Emkay Global Financial Services	214	143	49.54	245	1111	118	1366	8	1059	4.43
923	822	Kei Industries	213	146	45.40	823	537	989	375	14	882	1.03
924	885	Rohit Ferro-Tech	213	123	73.42	923	502	853	422	34	605	9.24
925	933	Camlin	212	111	91.44	183	1265	340	835	12	931	17.66
926	NA	Empee Sugars & Chemicals	211	44	381.40	584	688	48	1801	0.4	1947	0.42
927	870	Maharashtra Polybutenes	211	128	64.55	40	2051	88	1518	4	1342	13.04
928	733	Remi Metals Gujarat	210	184	14.30	461	792	404	755	-39	2885	-16.34
929	NA	PTL Enterprises	207	93	123.65	163	1319	64	1658	3	1417	11.6
930	NA	Birla Cotsyn India	206	66	214.03	543	725	354	814	8	1091	1.7
931	NA	Lancor Holdings	206	86	140.54	150	1372	103	1440	16	844	13.37
932	886	Bengal & Assam Co.	206	123	66.44	336	948	30	1976	24	712	7.56
933	538	Fomento Resorts & Hotels❑	206	125	63.87	69	1787	47	1815	7	1127	14.12
934	893	Setco Automotive	205	122	67.51	173	1287	227	1018	18	808	19.26
935	NA	Amar Remedies	205	80	156.98	362	914	473	666	32	615	19.49
936	732	Advani Hotels & Resorts (India)❑	202	184	9.39	63	1828	37	1893	0.05	2201	-8.93
937	NA	Themis Medicare	201	73	176.89	236	1129	224	1031	19	796	15.88
938	NA	Sakthi Sugars▲	201	188	7.03	2,653	230	1,430	264	104	287	5.73
939	844	Viceroy Hotels	201	134	49.39	1,219	405	64	1655	-1	2591	-0.12
940	883	Net 4 India❑	200	123	62.44	115	1509	102	1446	6	1182	10.34
941	NA	Kama Holdings	200	111	79.50	120	1475	13	2247	10	1016	8.94
942	NA	Crest Animation Studios	200	66	202.67	149	1376	39	1876	1	1859	-0.02
943	810	Datamatics Global Services	199	150	32.84	349	931	145	1260	24	710	7.77
944	525	Zenith Birla (India)	198	82	141.60	570	702	529	617	12	933	2.51
945	856	Sandesh	197	132	49.19	374	900	282	913	37	583	13.31
946	824	Bilpower❑	197	147	34.35	318	971	460	685	16	842	14.91
947	977	Technocraft Industries (India)	197	105	87.95	636	640	407	752	30	641	6.4
948	871	Granules India	197	128	54.06	363	911	406	753	24	715	8.9
949	962	India Nippon Electricals	196	108	81.81	203	1208	195	1102	20	776	13.63
950	NA	Rossell Tea	196	NA	NA	172	1290	79	1564	19	784	20.77

For Key to Tables see Methodology on pg 152

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Surana Corp. (No. 972) notched sales of Rs 4,062 crore in 2009-10, among the Top 100 on that parameter

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	Rank	NET PROFITS (Rs cr) 2009-10	Rank	ROCE (%) 2009-10
951	NA	Vivimed Labs	195	72	171.17	319	968	213	1054	17	830	8.93
952	608	Satra Properties (India)	195	280	-30.39	697	601	224	1032	9	1053	2.16
953	NA	IFGL Refractories	193	83	132.21	194	1235	191	1109	15	867	13.63
954	795	Revathi Equipment	193	159	21.63	248	1105	127	1326	10	1008	6.16
955	NA	Maithan Alloys	193	85	127.11	362	913	510	635	30	633	11.18
956	323	Austral Coke & Projects❑	193	948	-79.64	882	519	445	701	45	512	11.25
957	943	LG Balakrishnan & Bros.	192	110	74.83	419	843	596	559	25	703	9.75
958	784	Manali Petrochemical	192	163	18.25	203	1207	425	728	21	752	17.28
959	NA	Nissan Copper	192	34	464.51	220	1171	190	1110	9	1034	10.25
960	NA	Bannari Amman Spinning Mills	192	93	105.23	745	573	356	811	15	859	2.74
961	853	Tamilnadu Petroproducts	191	133	44.23	804	545	984	378	11	973	1.93
962	891	Rajapalayam Mills	191	122	56.66	567	705	284	911	12	937	3.62
963	568	Raj Oil Mills▼▼	191	317	-39.81	162	1322	318	859	30	640	36.37
964	NA	Nova Iron & Steel❑	190	NA	NA	62	1839	251	970	14	898	-70.33
965	NA	Fortune Financial Services (India)	189	95	99.51	104	1560	14	2220	8	1085	9.15
966	NA	KCL Infra Projects❑	187	48	292.26	10	2593	0.29	2799	0.03	2243	0.43
967	976	Autoline Industries	187	105	77.91	414	846	305	879	14	905	4.48
968	801	Kanoria Chemicals & Inds.	187	154	20.94	728	584	479	661	28	663	4.7
969	867	Golden Tobacco	187	129	44.55	326	958	187	1123	-11	2788	-35.64
970	NA	Cable Corpn. of India	186	69	171.84	417	844	165	1191	-32	2872	-21.18
971	NA	Usher Agro▼	186	76	146.91	191	1242	210	1065	15	863	16.17
972	NA	Surana Corporation	186	65	188.71	764	569	4,062	90	40	551	18.31
973	NA	Sutlej Textiles & Inds.	186	66	183.57	1,140	430	1,214	305	26	678	3.13
974	869	Softpro Systems❑	186	128	45.25	27	2232	7	2393	2	1575	7.39
975	934	Deepak Nitrite	186	111	67.25	427	833	581	569	20	773	6.75
976	NA	Sayaji Hotels❑	185	61	205.89	260	1077	85	1534	5	1238	1.41
977	920	DS Kulkarni Developers	185	115	60.81	1,127	433	214	1051	22	744	2.71
978	NA	LS Inds.❑	185	6	2,924.55	NA	NA	2.6	2933	-0.52	2354	253.66
979	NA	Poly Medicure	184	53	246.54	125	1463	146	1258	16	832	20.82
980	NA	Kale Consultants	184	57	220.94	154	1353	128	1325	19	782	19.99
981	830	BPL	184	143	28.65	601	676	130	1315	0.33	1984	-7.28
982	NA	Ucal Fuel Systems	183	60	202.62	615	664	428	725	8	1090	2.09
983	NA	Global Capital Markets❑	183	76	140.04	38	2084	3	2561	1	1690	5
984	NA	Aries Agro	181	64	182.53	234	1131	144	1266	11	961	10.36
985	848	Thiru Arooran Sugars⊠	181	134	35.27	701	596	623	542	42	537	21.17
986	800	Zen Technologies	181	156	16.34	119	1485	55	1733	17	823	20.32
987	875	Automobile Corpn. Of Goa	181	128	41.75	229	1144	251	969	-2	2626	-2.04
988	NA	International Conveyors	180	84	114.93	105	1554	93	1488	13	916	21.85
989	NA	Jaihind Projects	180	64	183.43	399	866	413	744	25	706	23.27
990	860	Garware-Wall Ropes	180	131	37.04	479	772	457	687	19	783	7.77
991	936	National Peroxide	179	111	60.66	117	1500	132	1302	16	839	19.7
992	855	Lok Housing & Constructions	178	132	35.24	423	836	29	1999	1	1840	0.36
993	884	SMS Pharmaceuticals	178	123	44.38	435	823	241	993	2	1483	0.77
994	NA	Cera Sanitaryware	177	61	192.64	191	1243	203	1076	20	779	19.61
995	NA	Fiem Industries	177	73	141.96	253	1090	316	863	11	974	9.22
996	NA	RM Mohite Textiles❑	176	58	205.55	190	1247	107	1416	2	1596	1.32
997	NA	Lakshmi Mills Co.❑	176	67	164.14	243	1113	114	1380	-2	2618	-7.57
998	820	Warren Tea	175	147	19.18	203	1206	203	1077	22	737	22.53
999	721	Panyam Cements & Mineral Inds.	175	191	-8.58	244	1112	174	1168	15	872	17.1
1000	772	Kalindee Rail Nirman (Engineers)❑	174	172	1.11	223	1161	281	914	10	990	8.64

For Key to Tables see Methodology on pg 152

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INDIA'S MOST VALUABLE COMPANIES—Public Sector

Retains highest net profit among both PSUs and private players →

Newly-listed company debuts at No. 12. Where will Coal India be? →

Biggest % growth in market cap among the 50 PSUs →

RANK 2010	RANK 2009	COMPANY	AVERAGE MARKET CAPITALISATION (Rs cr) Apr-Sep 2010	Apr-Sep 2009	Growth %	2009-10	2008-09
1	1	Oil & Natural Gas Corpn.	258,801	226,781	14.12	236,425	181,035
2	2	NTPC	166,343	168,270	-1.15	171,551	142,818
3	5	State Bank Of India	157,989	105,839	49.27	121,198	84,053
4	3	MMTC	148,811	135,422	9.89	152,937	96,878
5	6	Bharat Heavy Electricals	119,066	101,314	17.52	108,045	74,047
6	4	NMDC	107,451	130,605	-17.73	145,580	101,351
7	7	Indian Oil Corpn.	87,211	65,432	33.29	70,426	48,507
8	8	Steel Authority Of India	84,433	63,280	33.43	74,853	49,138
9	10	GAIL (India)	57,144	38,958	46.68	44,795	30,332
10	9	Power Grid Corpn. Of India	43,988	45,664	-3.67	45,614	37,211
11	12	Hindustan Copper	43,424	20,994	106.84	28,076	14,218
12	NL	NHPC	37,501	43,043	-12.88	40,577	NL
13	11	Power Finance Corpn.	35,180	22,995	52.99	25,718	14,935
14	14	Punjab National Bank	34,282	20,136	70.25	24,243	14,429
15	NL	Oil India	31,869	27,425	16.20	28,528	NL
16	19	Rural Electrification Corpn.	29,424	13,935	111.14	17,296	7,354
17	18	Bank of Baroda	27,042	14,706	83.88	17,293	9,514
18	15	National Aluminium Co.	26,783	19,778	35.42	22,424	20,502
19	13	Neyveli Lignite Corpn.	26,023	20,436	27.34	22,796	15,873
20	17	Bharat Petroleum Corpn.	22,612	16,630	35.97	18,493	12,397
21	16	Bank of India	20,720	16,639	24.53	18,066	14,036
22	24	Canara Bank	19,119	10,520	81.73	13,158	7,876
23	21	Container Corpn. of India	17,379	12,870	35.04	14,329	9,830
24	23	Union Bank of India	16,266	10,680	52.31	11,975	7,165
25	25	Bharat Electronics	14,284	10,305	38.61	12,567	7,352
26	22	Hindustan Petroleum Corpn.	14,065	11,058	27.20	11,602	8,086
27	20	Mangalore Refinery & Petrochemicals	13,308	13,159	1.14	13,501	9,852
28	31	Engineers India	11,891	5,023	136.74	7,245	2,927
29	26	IDBI Bank	10,246	6,733	52.18	7,844	5,224
30	30	LIC Housing Finance	10,067	5,079	98.20	6,350	2,246
31	NL	SJVN	9,961	NL	na	NL	NL
32	28	Indian Bank	9,869	5,575	77.01	6,433	5,121
33	35	Oriental Bank of Commerce	9,281	4,313	115.21	5,509	3,847
34	39	Allahabad Bank	8,123	3,548	128.93	4,718	2,663
35	33	Corporation Bank	8,027	4,541	76.78	5,420	3,497
36	29	Shipping Corpn. of India	6,864	5,157	33.11	5,722	4,919
37	NA	Petronet LNG	6,778	4,953	36.86	5,228	3,834
38	36	Andhra Bank	6,776	3,962	71.02	4,584	2,838
39	42	Central Bank of India	6,512	3,429	89.90	4,726	2,218
40	34	Indian Overseas Bank	6,024	4,501	33.82	5,165	4,788
41	43	Gujarat State Petronet	5,728	3,377	69.60	4,245	2,656
42	31	HMT	5,653	4,560	23.96	5,146	3,735
43	45	National Fertilizers❑	5,512	2,609	111.27	3,393	1,981
44	37	Syndicate Bank	5,198	3,821	36.04	4,261	3,135
45	49	Uco Bank	4,785	2,195	117.97	2,648	2,440
46	40	Rashtriya Chemicals & Fertilizers	4,566	3,513	29.96	4,013	2,631
47	38	BEML	4,311	3,673	17.37	4,046	2,628
48	41	IFCI	4,165	3,355	24.13	3,593	2,670
49	27	Mahanagar Telephone Nigam❑	4,089	5,821	-29.76	5,322	5,357
50	44	Gujarat Mineral Devp. Corpn.	4,067	2,711	50.01	3,518	2,738

For Key to Tables see Methodology on pg 152

SBI's (No. 3) assets are three times India's most asset-rich private company – ICICI Bank

TOTAL ASSETS (Rs cr) 2009-10	Rank	SALES (Rs cr) 2009-10	2008-09	Rank	NET PROFIT (Rs cr) 2009-10	2008-09	Rank	PROFIT AS % OF SALES 2009-10	RONW (%) 2009-10	ROCE (%)	EPS (Rs) On Sep 30
168,615	9	66,186	72,606	5	16,768	16,126	1	25.33	19.91	20.08	72.75
121,025	16	50,146	47,663	6	8,728	8,201	4	17.41	13.18	8.32	10.04
1,053,414	1	86,969	76,541	4	9,166	9,121	3	10.54	14.8	6.07	140.23
11,863	45	45,953	37,853	8	216	140	55	0.47	13.96	13.87	2.31
52,907	31	38,433	30,376	9	4,311	3,138	6	11.22	11.73	11.62	91.64
21,404	40	7,110	8,474	34	3,447	4,372	8	48.48	26.59	26.63	6.05
157,772	10	298,593	334,877	1	10,219	2,949	2	3.42	20.78	12.77	12.23
69,546	25	46,816	51,375	7	6,754	6,170	5	14.43	21.28	16.35	15.8
30,234	37	25,929	25,218	12	3,140	2,804	9	12.11	20.05	18.48	26.57
63,640	26	7,618	7,095	32	2,014	1,672	17	26.44	13.6	4.38	5.45
1,653	65	1,483	1,469	61	155	-10	58	10.43	14.45	14.45	1.98
43,796	34	5,362	3,800	43	2,094	1,084	15	39.06	4.61	2.75	1.73
84,784	20	8,379	7,101	30	2,357	1,970	13	28.13	16.35	3.04	20.91
296,658	2	25,099	22,495	13	3,905	3,091	7	15.56	24.67	13.09	131.35
18,262	42	10,537	11,237	25	2,611	2,162	12	24.77	22.16	22.09	98.8
71,319	22	7,091	4,945	35	2,327	1,272	14	32.82	22.12	3.4	21.21
278,317	3	19,911	17,876	17	3,058	2,227	10	15.36	21.86	11.33	86.49
13,400	44	5,831	6,039	39	814	1,272	32	13.96	7.77	7.77	14.95
19,414	41	4,739	4,117	46	1,246	820	22	26.29	13.04	9.29	7.74
54,317	29	133,773	146,946	2	1,538	736	20	1.15	12.63	7.38	-24.5
274,966	4	20,495	19,399	16	1,741	3,007	18	8.5	12.56	5.57	35.83
265,052	5	22,081	19,549	15	3,021	2,072	11	13.68	22.46	13.41	84.87
5,189	53	3,887	3,629	51	787	791	34	20.24	19.14	19.14	59.37
195,509	7	15,557	13,504	19	2,075	1,727	16	13.34	19.98	11.31	44.23
10,518	47	5,595	4,884	40	711	743	35	12.71	16	16	92.8
51,673	32	117,642	133,658	3	1,301	575	21	1.11	12.14	6.98	-35.78
16,415	43	36,764	42,907	10	1,112	1,193	26	3.03	21.4	16.01	4.1
3,397	57	2,172	1,757	57	436	345	47	20.06	35.15	35.15	13.68
233,617	6	17,619	13,257	18	1,031	859	29	5.85	9.31	1.74	9.09
40,028	36	3,650	3,041	52	662	532	39	18.14	22.47	1.96	84.35
10,442	48	2,023	2,033	58	973	1,015	31	48.07	15.28	12	2.41
101,389	18	9,212	7,989	28	1,555	1,245	19	16.88	17.05	17.85	37.03
137,431	13	11,498	9,933	22	1,135	890	25	9.87	14.5	11.02	49.52
121,704	15	10,292	8,708	27	1,206	769	23	11.72	19.15	11.98	28
111,692	17	8,552	7,293	29	1,170	893	24	13.68	20.15	9.11	86.64
10,320	49	3,917	4,611	50	377	941	50	9.62	3.09	2.19	7.27
5,961	51	10,747	8,505	24	404	518	49	3.76	19.2	9.21	5.5
90,431	19	7,391	6,275	33	1,046	653	28	14.15	25.65	11.98	22.89
183,101	8	13,822	11,526	20	1,058	571	27	7.66	14.25	9.14	27.92
131,096	14	11,562	11,354	21	707	1,326	36	6.11	9.61	4.44	11.72
3,798	56	1,025	512	65	414	123	48	40.35	29.15	15.76	7.79
1,539	68	253	227	74	-53	-71	84	-20.91	-7.53	-4.94	-0.73
2,807	61	5,222	4,229	44	97	109	63	1.87	6.34	6.13	3.37
139,051	11	11,341	10,488	23	813	913	33	7.17	15.29	6.56	15.65
137,808	12	10,500	9,281	26	1,012	558	30	9.64	22.06	10.29	19.91
4,934	54	6,016	8,575	37	235	212	53	3.9	6.9	6.21	3.26
4,438	55	3,118	3,059	54	223	269	54	7.15	8.96	8.47	55.09
22,029	39	2,448	2,197	55	671	657	38	27.41	-1.74	-0.57	3.92
24,434	38	5,516	5,608	41	212	587	57	3.84	0.32	0.32	-18.59
3,001	59	1,113	1,032	64	280	237	52	25.15	22.51	17.95	9.26

To check the performance over the past five years, go to www.businesstoday.in/bt500

Nuts and Bolts of the BT 500

Eighteen years ago, the year in which *Business Today* got started, the first BT 500 came into being. It has a been a long – and consistent – ride since then, with value being added to the listings year after year. This time around we have incorporated two specific changes with the idea of making the output more relevant to you. First, the earnings per share, or EPS, for the BT 500 companies are calculated for the six months ended September 30, 2010. Earlier, this figure was arrived at by looking at the figure for the year-ended March 31. Thus, with a more updated EPS, which is an indicator of a company's profitability, we are able to present a picture that is more with it.

The second departure from previous rankings: While allocating ranks to companies on performance parameters like sales and net profits, we peeped into a much larger universe of companies instead of just 1,000 companies. The advantage of this shift is evident in this example: Cairn India, with a market capitalisation of Rs 59,735 crore, is ranked No. 12 on the BT 500 list. However, with sales and net loss of Rs 172 crore and Rs 69 crore, respectively, its rank is 1,172 and 2,910, respectively.

The rest is as before: We considered the first six months between April and September 2010 to calculate the average market capitalisation, and the ranking was arrived at by looking at the growth over the previous year's corresponding period.

The Process: To arrive at the list of India's most valuable companies, *BT* relied on Prowess, the database of the Centre for Monitoring Indian Economy, or CMIE. Initially, 4,990 companies listed on the Bombay Stock Exchange were considered. Public sector undertakings were taken out of this list, as there is a separate ranking for state-run companies and banks.

That brought the sample size down to 4,878. We then excluded those companies that traded for under 20 per cent, or 26 days, of the total number of trading days (128) between April 1 and September 30, 2010. That

DEFINITIONS

- **Sales:** Operating income and other income
- **Net Profit:** Profit after tax
- **Market capitalisation:** Stock price multiplied by the number of outstanding shares
- **ROCE:** Profit before interest and tax as a percentage of the capital employed. Capital employed = fixed assets + circulating capital – current liabilities
- **RONW:** Net profit divided by net worth. Net worth = total assets – total liabilities
- **Earnings Per Share:** Net profit divided by number of outstanding shares

left us with 2,948 companies, of which the top 1,000 were ranked on the basis of growth in average market cap in the first half of financial year 2011 over a year ago.

Financial Parameters: While the rankings are based on market value, the BT 500 also gives financial data for FY 2010. This includes sales, net profit, and total assets (along with rankings), net profit as a percentage of sales (or net profit margins), return on net worth, or RONW, return on capital employed, or ROCE, and EPS. For most companies, the financial year ended March 2010 has been considered. To know which other periods were considered, refer to Key to Tables.

Do not be alarmed if you notice some unevenness in the numbers for net profits, RONW and ROCE for a few companies. For instance, there are a few companies that are in the red but still have a positive ROCE, and vice versa. That is not a mistake. CMIE uses net profit after adjusting for the year's extraordinary income and expenses when calculating the RONW and ROCE ratios. For example: Tata Communications (No. 97) reported a profit of Rs 483 crore in FY 2010. However, both RONW and ROCE are negative, at 1.68 per cent and 1.29 per cent, respectively. Reason: Tata Communications had extraordinary income of Rs 617.66 crore as well as an extraordinary expense of Rs 16.52 crore that were both carried forward from FY 2009 into the following year. So, on deducting the net extraordinary income of Rs 601.14 from Rs 483 crore, the adjusted net profit is a negative Rs 117.96. Hence a negative RONW and ROCE are justified as a conservative approach to present a more realistic picture.

We have used standalone numbers – as against consolidated results – for all companies. As a result, there may be a few companies whose sales and profits ranking would have got distorted as a consolidated picture is more representative of their operations. ◆

KEY TO TABLES

All figures in Rs crore are rounded off

Whilst average market cap is for the April-September period, financials are for FY ended March 31, 2010 unless otherwise stated

Results are audited and standalone

* Adani Power was not listed for full FY 2008-09

** Information available as of March 2008

NL = Not listed

NA = Not available

na = Not applicable

❑ 12 months ended Mar. 31, 2009
▼ 12 months ended June 30, 2009
◆ 12 months ended Sept. 30, 2009
◗ 12 months ended Oct. 31, 2009
◗◗ 12 months ended Nov. 30, 2009
▲ 12 months ended Dec. 31, 2009
× 12 months ended June 30, 2010
❍ 8 months ended Nov. 30, 2009
12 months ended June 30, 2008
□ 12 months ended Mar. 31, 2008
▲▲ 15 months ended Mar. 31, 2010
▼▼ 12 months ended Dec. 31, 2008
++ 12 months ended Mar. 31, 2007
⦸ 9 months ended Dec. 31, 2009
◆◆ 15 months ended June 30, 2009
☒ 15 months ended Dec. 31, 2009
▮ 18 months ended Sept. 30, 2009

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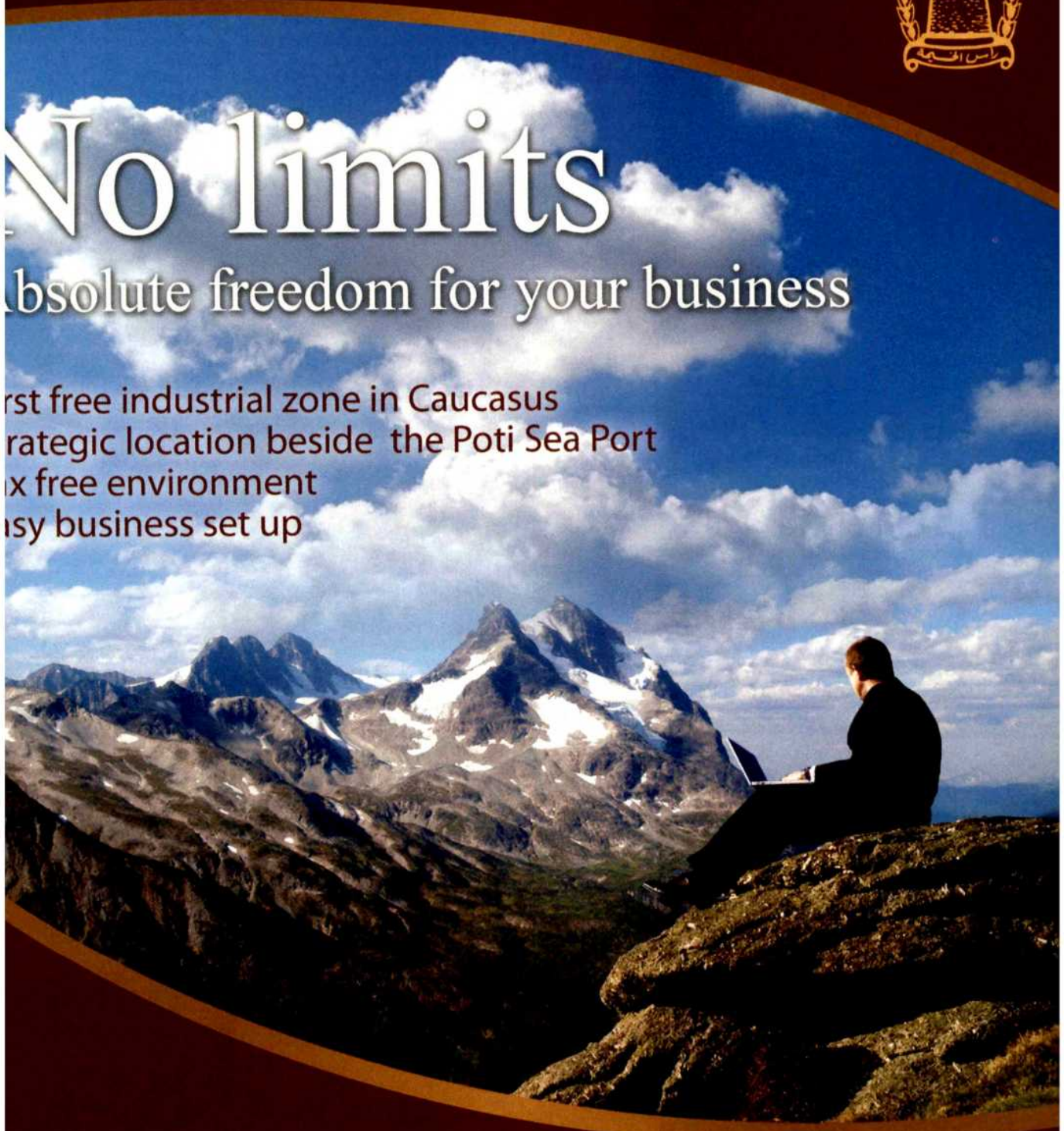

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RAKIA Georgia FIZ LLC (Poti Head Office)
47, Agmashenebeli Str, 4400, Poti, Georgia
Tel: (995 393) 25 25 4/5/6
Fax: (995 393) 25 25 1/9

RAKIA Georgia FIZ LLC (India Representative)
E-mail: pkc@rakiageorgia-freezone.com
Mob: +91 9880 787 982

E-mail: info@rakiageorgia-freezone.com
drskc@rakiageorgia-freezone.com
www.rakiageorgia-freezone.com

rakiageorgia-freezone.com

For tax benefit analysis please contact Ms. Natalia Pipia · E-mail: n.pipia@rakiageorgia-freezone.com

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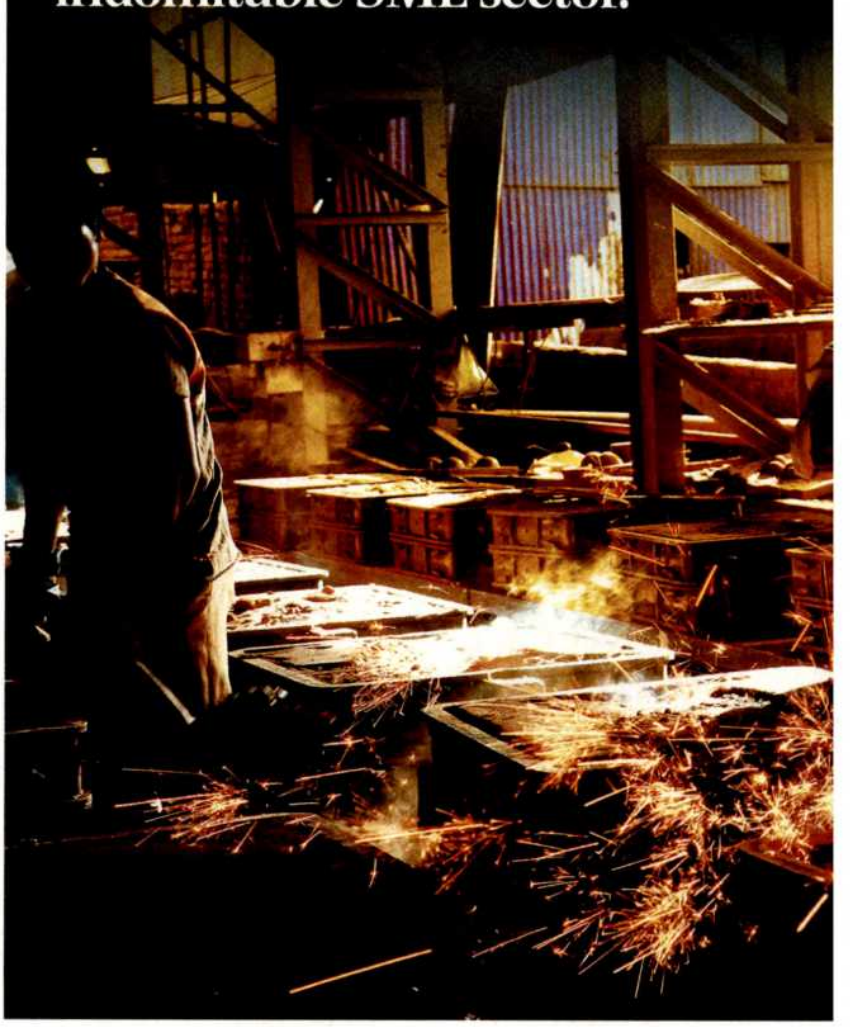
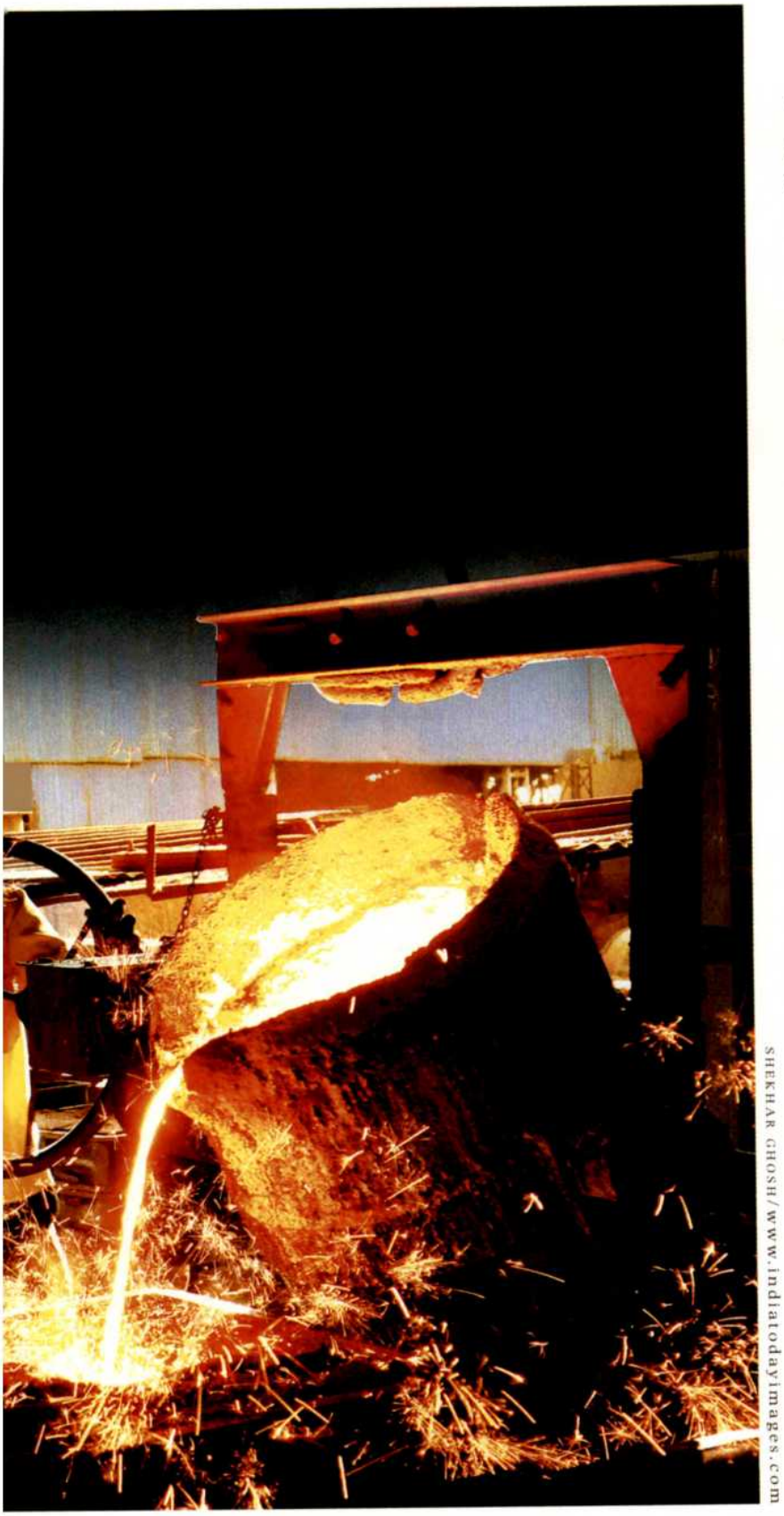


Small and medium enterprises, or SMEs as they are better known, never cease to amaze. Thousands of them sprout, thrive or languish every year across the diverse landscape that is industrial India. Only a handful grow up to be national brands; the rest are either content to stay in the world of exemptions and reservations granted to the sector or compelled to do so because of a lack of managerial talent, finances or networking.

According to the 2009-10 annual report of the Ministry of Micro, Small and Medium Enterprises, or MSME, the sector accounts for 45 per cent of India's manufacturing output and 40 per cent of exports, employing 59 million people. While the BT-YES Bank Survey left out the "micro" enterprises, the numbers are still a good indicator of the sector's importance.

This year's winners of the BT-YES Bank Best SMEs contest range from a hospital in the Northeast (which prefers to be a corporate body rather than a "charitable trust") to a unit making metal balls used for grinding in the core sector industries. Another makes anti-virus software, some are driven by concerns for the environment and one makes the roads and airports that help move men and materials.

The second BT-YES Bank SME Survey had to base its work on the results of the participating companies for 2008-09, and not 2009-10. This is because the first survey took into account the results for 2007-08



SHEKHAR GHOSH/www.indiatodayimages.com

THE WINNERS OF THE BT-YES BANK SME AWARDS

STAR SME

Small **Shree R.N. Metals (India)**
Medium **Aarvi Encon**

BEST GREEN SME

Small **Camson Bio Technologies**
Medium **Gravita India**

BEST SME FOR INNOVATION

Small **Camson Bio Technologies**
Medium **Quick Heal Technologies**

BEST SME IN INTERNATIONAL TRADE

Small **GKB Ophthalmics**
Medium **Nitta Gelatin India**

STAR CEO

Small **Veeda Clinical Research**
Medium **Intercontinental Consultants and Technocrats**

BEST SME FOR CSR

Small **Bhagavathi Ana Labs**
Medium **Man Structurals**

BEST SME IN NE INDIA

Assam Hospitals

and we did not wish to skip a year. There was also the small matter of the global economic meltdown that started in the second half of 2008-09. It was in a way the perfect arena for picking the winners: Almost all of them seemed to have thrived and done even better the next year. While writing about the winners, however, we put in the turnover and profit after tax figures for 2009-10.

The Methodology

It is not easy to handle 64,000 applications for 13 awards.

THE JURY

Dinesh Rai
Secretary, Ministry of Micro, Small and Medium Enterprises (since retired)

Dr Amit Mitra
Secretary General, Federation of Indian Chambers of Commerce and Industry (FICCI)

Parag Patki
CEO, SME Rating Agency of India

Vishnu R. Dusad
Managing Director, Nucleus Software

Rana Kapoor
Founder, MD & CEO, YES Bank

This year, *Business Today* and YES Bank decided to add two categories and drop one, as well as use the turnover yardstick (size) to create elbow-room for the small and the medium enterprises within each category. The result was a list of seven categories, against six last year. The new categories are International Trade and Best SME in the Northeast.

The process of inviting applications was launched on June 1 this year, with the target being small and medium enterprises with a turnover of below Rs 200 crore. This universe has a population of around 200,000. We used advertisements in the print media, e-mails, letters and phone calls. The response was a staggering 64,000 applications across categories.

Then followed the task of making a shortlist based on the parameters for each category. And no, we did not use lucky dips or darts to arrive at the shortlist or 15-25 companies in each award category.

In Round II, we invited detailed applications from the shortlisted candidates, and drew up a list of three companies in each award category. In this process, we considered only those applications that reached us by the deadline with the financial data that we had sought. For example, all companies here had reported a growth in turnover and profitability over the two years, together with an increase in net worth. No audited balance sheet? Sorry. Next please.

There were specific criteria for the different categories. For example, to compete in the innovator category, a company needed to have spent at least one per cent of its turnover on research and development, and also furnish a record of the number of patents applied for or received. For companies in the CSR, or corporate social responsibility, category, it was the spending on CSR that counted, and for the international trade category, we looked at the foreign exchange revenues as a percentage of turnover (at least 30 per cent for big SMEs and 10 per cent for small ones).

This final shortlist was given to the jury, which consisted of eminent personalities. The members were: Dinesh Rai, Secretary to the Ministry of Micro, Small and Medium Enterprises (since retired); Dr Amit Mitra of the Federation of Indian Chambers of Commerce and Industry (FICCI); Parag Patki of SMERA, or the SME Rating Agency of India; Vishnu R. Dusad of Nucleus Software; and Rana Kapoor, Founder, Managing Director and CEO of YES Bank.

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SHEKHAR GHOSH

Balls of Fortune

Jaipur-based Shree R.N. Metals (India) is on a roll. Its revenues have doubled from Rs 21 crore in 2007-08 to Rs 42 crore in 2009-10. And there's no rocket science in its product: grinding media balls of forged and cast iron and chrome alloys. These balls are used by coal-burning power plants, steel mills, and the mining industry for grinding raw materials like coal or as counterweights.

Roop Narayan Sharma, Founder and Director, says every consuming industry is expanding. "About 20 new cement plants with 17.35 million tonnes of capacity have come up in 2009-10, and existing plants have expanded by four million tonnes.... the mining sector has grown by 9.7 per cent, and steel consumption is also up," he says. The industry needs a total of 100,000 tonnes of balls a year. Sharma can make 18,000 tonnes. So he is building a 12,000-tonne plant.

But Sharma does have his worries. The scrap metals used to make these balls have become costlier by Rs 1,500 a tonne over the past four or five months. "We operate on a wafer-thin margin," he says. Three-fourths of his clients are government-owned companies that sign fixed price contracts. "We can renegotiate only with private sector companies," he says.

MANU KAUSHIK

Engineers on Call

You could call it the midlife bug. Virendra D. Sanghavi had been an engineer for 24 years when a former employer's decision to farm out a consultancy job led him to set up his own business, with just two engineers. The lure was an advance of Rs 8 lakh. For 10 years, his company, Aarvi Encon, stuck to consultancy and remained small.

The big break came in 1996 when Reliance Petroleum decided to hire his 300 engineers on a man-hour basis. "That was the beginning of our technical manpower outsourcing business," says Jaydev Sanghavi, Executive Director. Turnover shot up from Rs 50 lakh to Rs 3 crore.

Today, Aarvi Encon has 2,200 engineers on its rolls, and only five per cent of its turnover comes from consultancy. The engineers are full-time Aarvi employees, but are deployed at client locations. Business is growing at 60 per cent a year.

ANUSHA SUBRAMANIAN

AARVI ENCON*

PERSON: **Virendra D. Sanghavi**

TURNOVER (2009-10): **Rs 66 crore**

PAT (2009-10): **Rs 6 crore**

BUSINESS: **Outsourcing engineers**

*This company is a client of YES Bank

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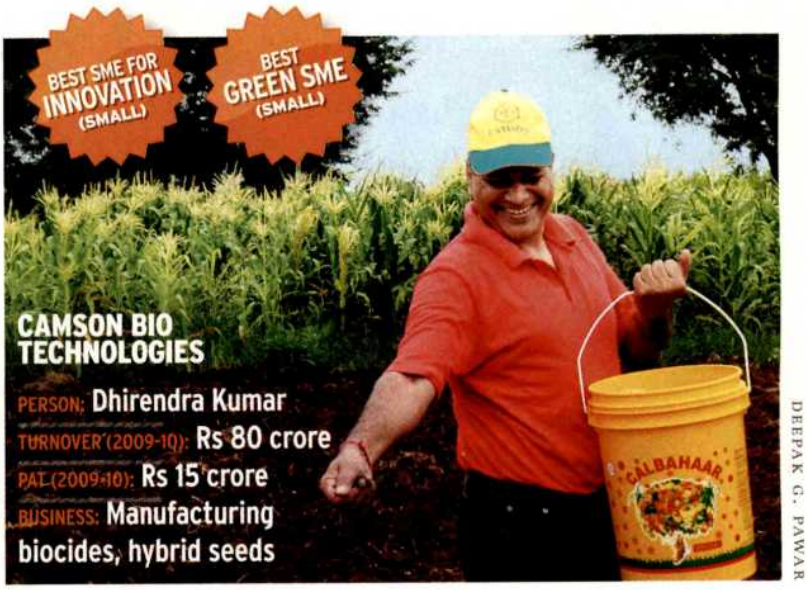


DEEPAK G. PAWAR

For nearly a decade, biotechnologist Dhirendra Kumar's Camson Bio Technologies had no product. He had chucked up a job to set up the company in 1993, but it was only in 2001 that Calphomil biocide, a pesticide with natural organisms, successfully hit the market. Today, he has a portfolio of 27 biocides, seven biofertilisers and 45 hybrid seeds including one for a watermelon that fits into middle class refrigerators. "We are the first to develop this freezer watermelon," says Kumar.

He is content with Camson's growth rate of 35-50 per cent, and keeps it debt-free, scarred by those early days, when he used to live on one meal a day, struggled to pay his son's tuition fee and survived on the goodwill of his landlord and staff. He is now trying out a franchisee model, selling farmers seeds of cash crops, biofertilisers and biocides — and advice — in return for a revenue share. "Not only will our seeds give them higher yields, they will also be growing a produce that is healthier." He has so far done this with 1,200 acres. Meanwhile, he is exploring Singapore, Egypt and Dubai for his products.

K.R. BALASUBRAMANYAM

QUICK HEAL TECHNOLOGIES

PERSON: **Kailash Katkar**

TURNOVER (2009-10): **Rs 103 crore**

PAT (2009-10): **Rs 32 crore**

BUSINESS: **Anti-virus software**

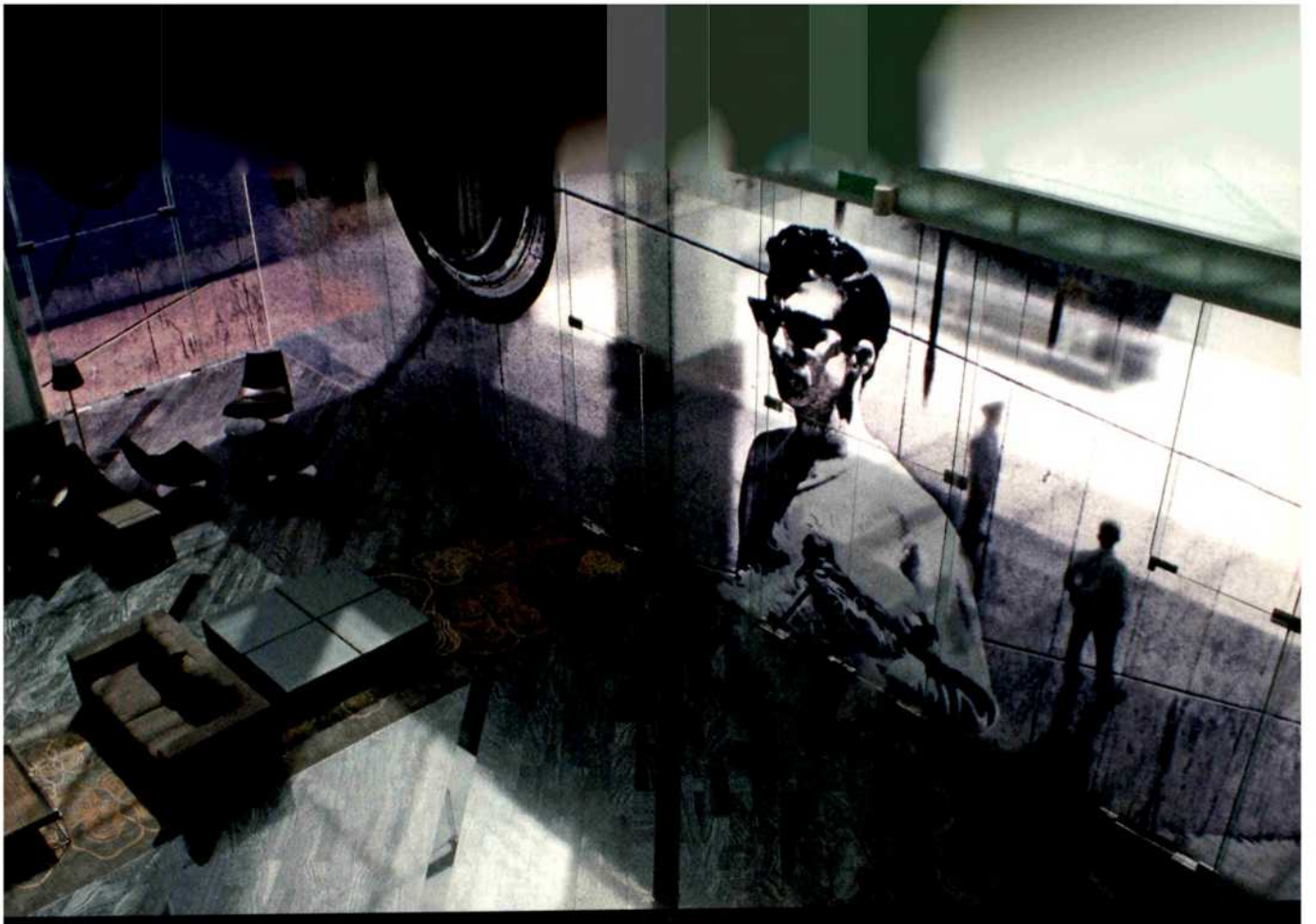
NISHIKANT GAMRE

The Virus Hunters

Sanjay Katkar, Chief Technical Officer of Pune-based Quick Heal Technologies, fondly remembers how he began writing code back in 1993, when the company was called CAT Computer Services and sold assembled personal computers, or PCs. "My brother (Kailash Katkar, CEO and Chairman) realised that customers faced a lot of virus problems. And I sat and wrote code for our first anti-virus software," says Katkar. The software sat easy on a floppy; most users were still on Microsoft's DOS.

Quick Heal today has revenues of Rs 100 crore, while its market is worth at least Rs 350 crore. In September, venture capital firm Sequoia Capital India said it was investing Rs 60 crore in Quick Heal. "We have a 30 per cent share in the Indian anti-virus market," boasts Katkar. And the brothers have done this in the face of multinationals such as Symantec and Norton. "It was not easy convincing clients to use our software — we used our clout with distributors to bundle it along with PCs," says Katkar. The Quick Heal version for the best-selling Windows 95 operating system was a turning point. "Our next growth will come from anti-virus solutions for mobiles," says Katkar. The software sits on a PC, and scans the handset for viruses through the connecting cable.

T.V. MAHALINGAM



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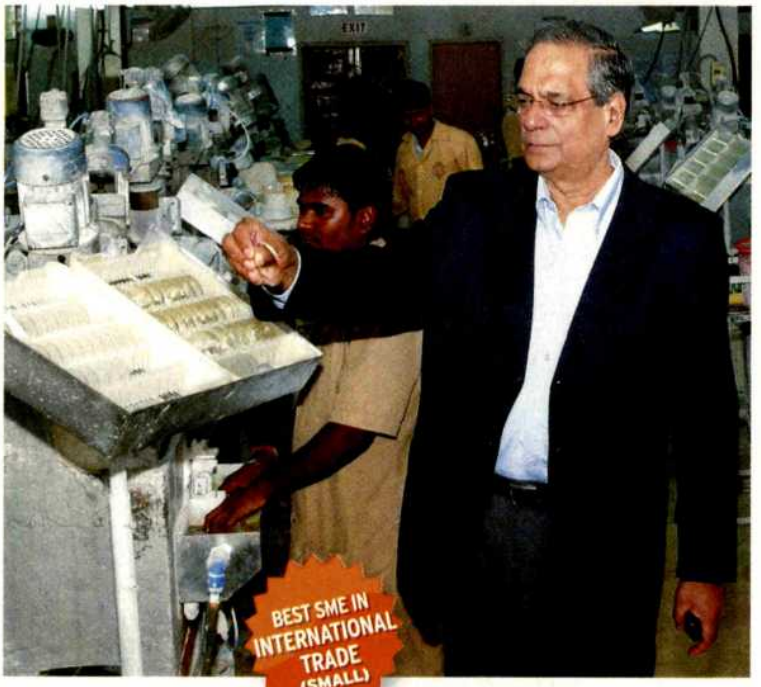

BERNABE SAPECO

GKB OPHTHALMICS

PERSON: **K.G. Gupta**

TURNOVER (2009-10): **Rs 38 crore**

PAT (2009-10): **Rs 1.19 crore**

BUSINESS: **Ophthalmic lenses**

A Clear Vision

For all you know, he could have made the lens for the spectacles that you pick up on your next foreign jaunt. That is because Krishna Gopal Gupta, Chairman and CEO of GKB Ophthalmics, an export unit, is determined to become the preferred supplier to global ophthalmic companies.

Started in Agra in 1960 with just Rs 20,000, GKB Ophthalmics' first break came in 1975 with an order for lenses for Iran. In 1980, it moved to Goa and set up a 100 per cent export unit. Last year, its turnover shot up by 57 per cent as the financial meltdown forced large manufacturers in the West to shut shop and look for cheap suppliers.

"This helped glass manufacturers like us," says Gupta, who makes 30,000 glass lenses and 6,000 plastic ones a day. Sons Vikram and Gaurav have joined the business. Vikram looks after Prime Lenses and domestic operations, and Gaurav exports. The next destination: South America.

ANUSHA SUBRAMANIAN

Bounty Out of Bone

On June 19, Gelixer CollagenPep, a medication for relieving joint pain, hit the retail market in Kerala without any fuss. The brand was new, the ingredient was not: many drug makers had been buying it from Nitta Gelatin India for their brands. Nitta's Managing Director G. Suseelan is betting that CollagenPep along with two more products that are in the works will fetch Rs 100 crore within a few years.

When Nitta Gelatin India was set up in 1975 as a venture between the Kerala State Industrial Development Corporation and Japan's Nitta Gelatin, its only goal was to use cattle bones to make ossein, an ingredient of gelatin. Drug makers need gelatin to make capsules. The venture flourished and began making gelatin in 1999, while continuing to export ossein to its Japanese partner. Last year, it introduced Chytosan, a product made from shrimp shields and aimed at cosmetics, pharma and pesticide industries. Making ossein from crushed bones spawns a by-product, di-calcium phosphate, which Nitta sells as poultry feed.

K.R. BALASUBRAMANYAM

A.S. SATHEESH

NITTA GELATIN

PERSON: **G. Suseelan**

TURNOVER (2009-10): **Rs 195 crore**

PAT (2009-10): **Rs 25.5 crore**

BUSINESS: **Makes gelatin, ossein, collagen pep**

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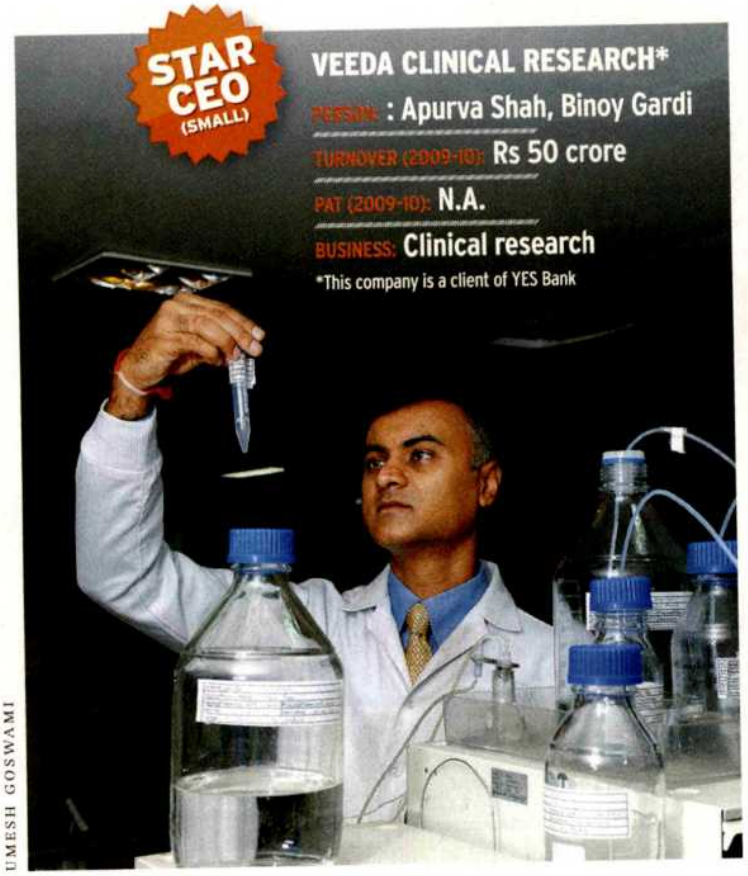

UMESH GOSWAMI

A Bridge Too Good

In just five years, Apurva Shah (left) and Binoy Gardi have created a bridge between pharmaceutical giants in the West and India's expertise in carrying out clinical research. And not by claiming to be cheap. Shah, an MBA and Group Managing Director, points out that Veeda has made acquisitions abroad and 40 per cent of its people are based outside India. Veeda checks the safety and effectiveness of pharmaceuticals for human use. "The global demand is humongous," says Shah. A global footprint makes Veeda 25-30 per cent more cost effective than its global peers. In the last three years, Veeda has done four "first on man" studies and 12 Phase I trials. Shah and Gardi were spotted by Actis Private Equity in 2007. The same year, Shanghai-based Novamed Inc. forged an alliance with Veeda. The two will offer a platform to companies that lack a presence in India, China and South Africa.

RAJIV BHUVA

Roads to Success

Back in 1985, after becoming a Deputy Director at the International Airports Authority of India, K.K. Kapila decided to use his engineering and project management skills for own good, doing big government projects. "Having worked within the government set-up, I was well-networked and knew the business in and out, which helped me break the ice," he says. His company's turnover in 1987-88 was Rs 7 lakh, and his first project was the Rajasthan stretch of National Highway 8 linking New Delhi and Mumbai.

Today, he specialises in highways, structures, airports, water supply, ports, transportation and tourism across India, the Asia-Pacific region, Eastern Europe and Africa. Most of these projects are government-funded and public-private partnerships. "I kept the prices fixed but promised timely delivery, zero defects and quality work," he says. Business has grown sharply over the past four or five years, with quite a few high-margin supervision contracts, says Kapila, who recently became the first non-European to be elected Chairman of the Geneva-based International Road Federation.

MANU KAUSHIK

INTERCONTINENTAL CONSULTANTS AND TECHNOCRATS*

PERSON: K.K. Kapila
TURNOVER (2009-10): Rs 120 crore
PAT (2009-10): Rs 9 crore
BUSINESS: Infrastructure
*This company is a client of YES Bank

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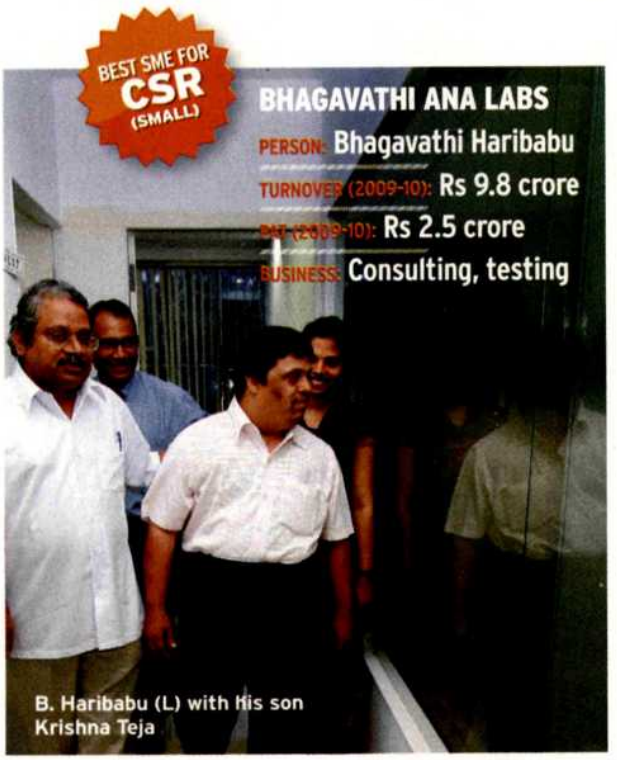
Never Down and Out

His dream is to build a self-sustainable hostel for at least 400 people afflicted with Down's syndrome, a genetic disorder that causes mental disabilities. The problem: such a hostel would require at least Rs 20 crore in the bank. But B. Haribabu, Managing Director of Bhagavathi Ana Labs, is ready to even sell a stake in his company. "Our understanding is that the physically and mentally challenged account for three per cent of India's population, which is a huge number. Our aim is to try and create awareness," he says. Haribabu is, perhaps, best placed to understand the problem, as his son Krishna Teja was only 21 days old when they learnt that he had Down's syndrome.

Today, Krishna Teja, 23, is getting to be independent in his own way. He dresses up on his own. He visited his father's office to meet *BT* and showed how he helps out with the photocopying.

"The hostel will have its own dairy and farm, and house those who are orphans or children whose parents do not have the money to support them," says Haribabu. Parents of such children have a unique problem as they cannot even open a bank account for them, and so have to depend on a third agency to ensure long-term support for their children.

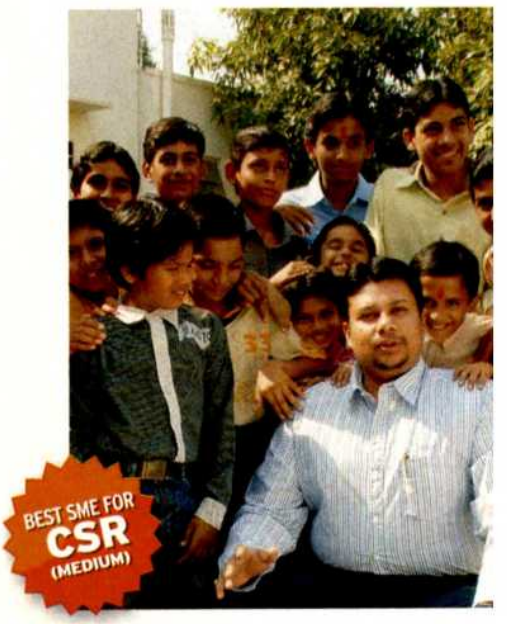
E. KUMAR SHARMA



A. PRABHAKAR RAO

B. Haribabu (L) with His son Krishna Teja

Education for All



MAN STRUCTURALS

PERSON: **Gaurav Rungta**

TURNOVER (2009-10): **Rs 129.2 crore**

PAT (2009-10): **Rs 4.1 crore**

BUSINESS: **Transmission towers**

As business has grown, so has the 40-year-old company's contribution to its CSR, or corporate social responsibility, activities. "In the last 10 years, the focus has got stronger due to th higher business growth," says Gaurav Rungta, Joint Managing Director. Last yea it spent Rs 4.42 lakh or one per cent of its annual profits on CSR. Man Structurals do its work in education. It also contributes t non-governmental organisations such as Akshaya Patra, Friends of Tribal Society, SOS Children's Villages International and Surman Sansthan.

"Our school is one of the few institute working towards propagation of Sanskrit The alumni of our college are spread all over the world, spreading the language," says Rungta. The CSR also improves the company's perception among its employees. "Attrition levels are negligible," he say

MANU KAUSH

HERO HONDA

desh ki dhadkan

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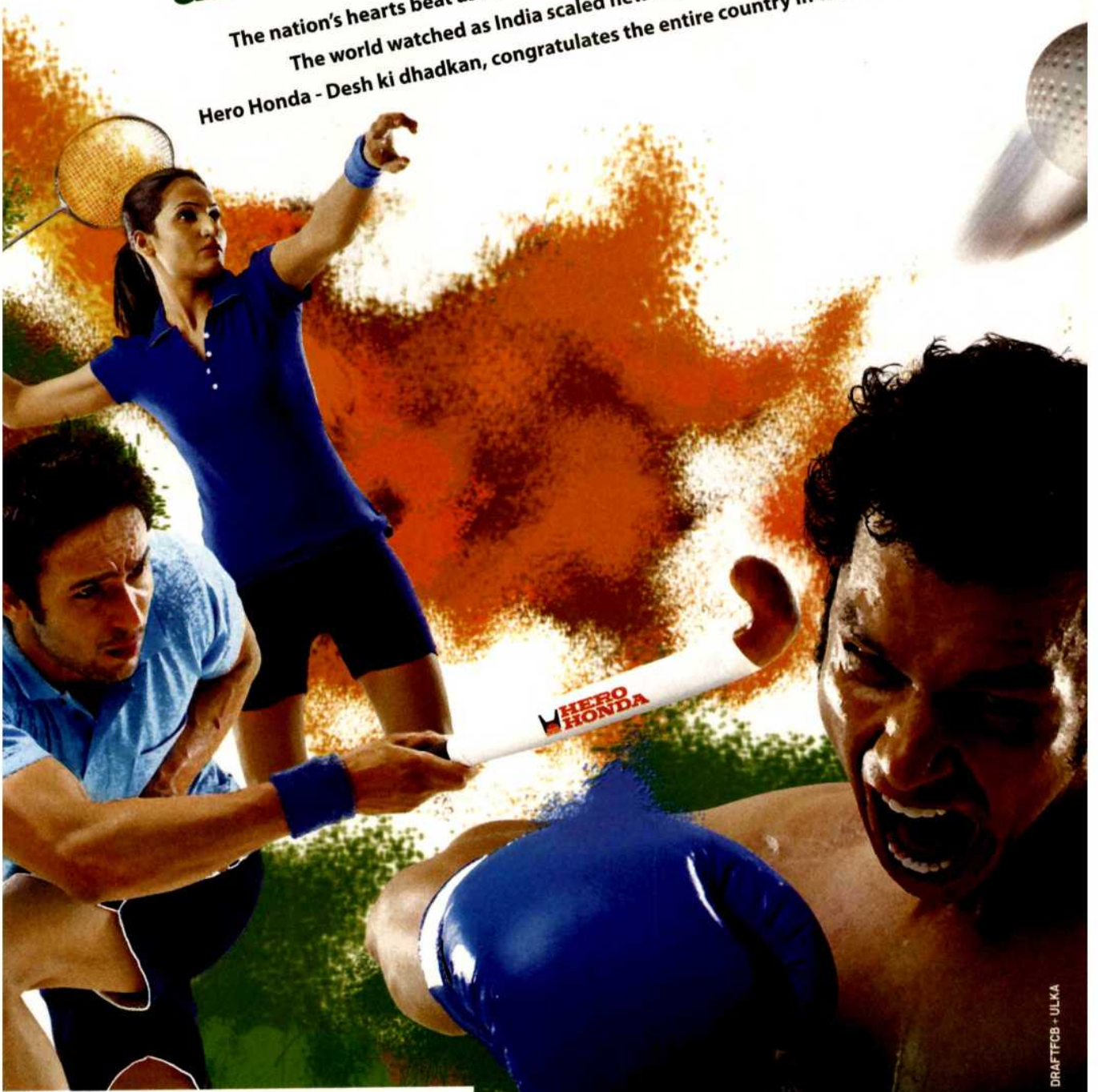

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XIX COMMONWEALTH GAMES

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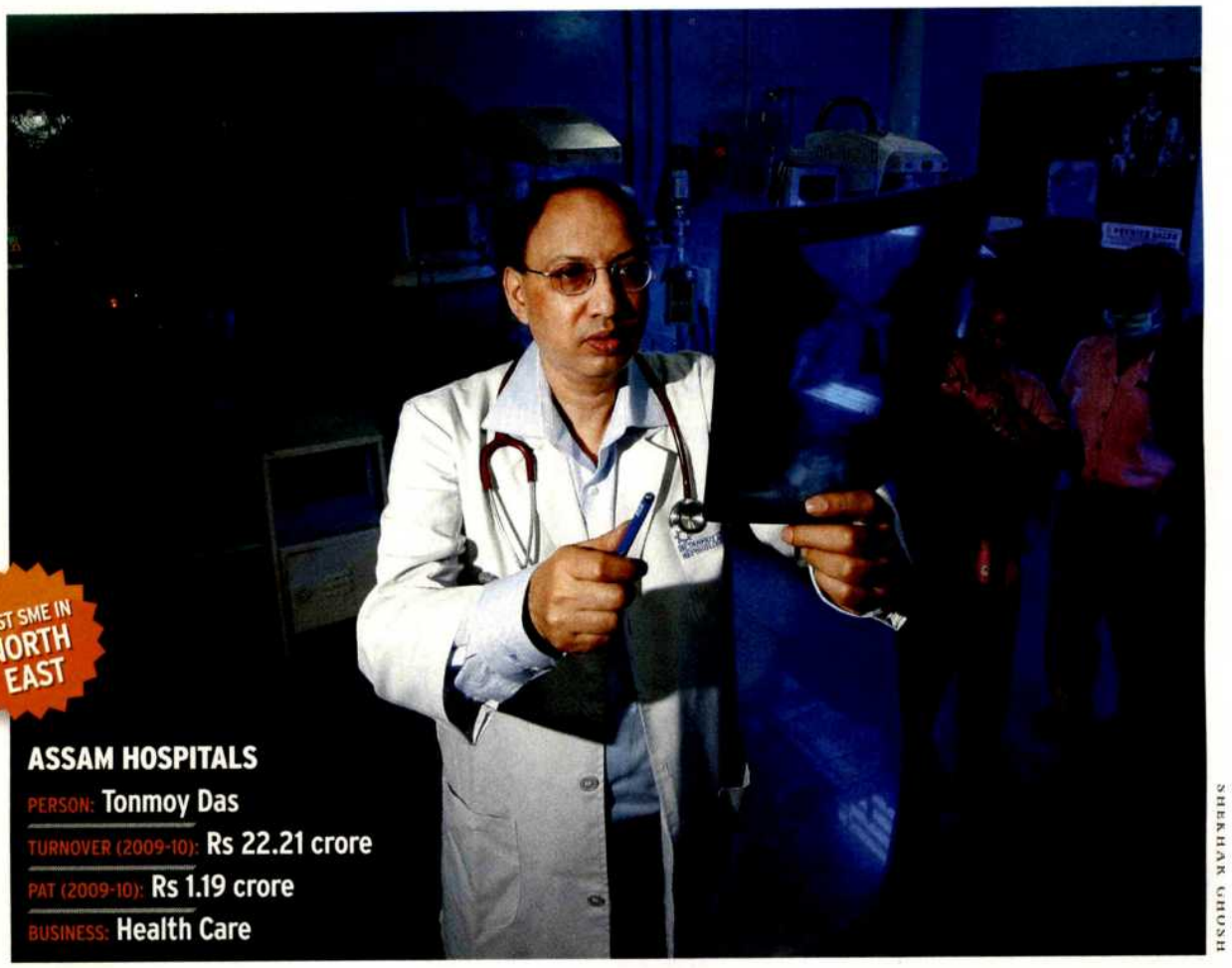

SHEKHAR GHOSH

Where Doctors Can Be Doctors

Excellence is often a product of disappointment. The birth of Assam Hospitals can be traced back to the frustration of a talented professor at the Guwahati Medical College. The college was the first to introduce kidney transplants in the state in 1993-94, but it suspended the project abruptly after two years of successful surgeries. The project's architect, 40-year-old surgeon Tonmoy Das, felt stifled.

Three years later, Das and five relatives, all towering personalities in their fields, put in Rs 1,00,000 each to set up a health care service company with the help of a hospitals consultancy. They called it Assam Hospitals. Das decided to run the hospital as a company with an empowered board of directors so that he would not have to bother with the headaches of administrative duties.

The *BT*-Yes Bank SME Survey 2009-10 jury settled for Assam Hospitals from among the region's three contenders because there are not too many organised sector health care service providers in the region. It was also impressed with the board members, most of whom are big names in the Northeast.

Apart from kidney transplants, the 170-bed facility has introduced many medical procedures in the state. Some of India's well-known specialists in neurosurgery, paediatrics and cardiac procedures freelance at Assam Hospitals, although many of them still refuse to stay overnight in Guwahati because of their worries over the law and order situation. "Even I won't go to work in Kashmir or Afghanistan," says Das.

The biggest challenge is in attracting critical manpower. But the hospital has painstakingly built up a staff of around 600. Once they do sign up, retaining staff is easy — Assam Hospitals' intensive training schedules, including the ones at medical care facilities around the world, provide them ample opportunities to grow.

Next on the cards is a massive expansion. Land for a new hospital with 24X7 back-up in every department has been identified. The finances are being worked out. ◆

PUJA MEHRA

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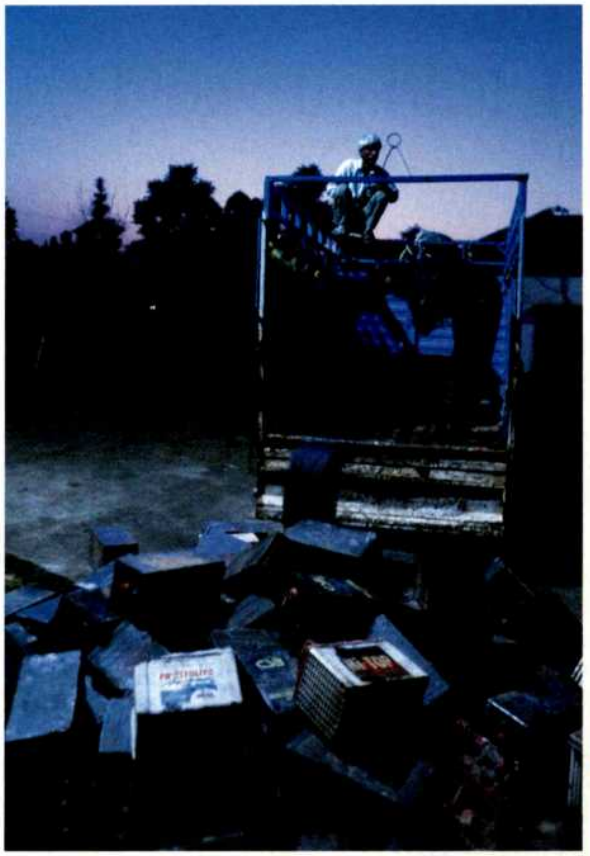
The Alchemist

For ages, man has tried to turn lead into gold. Today, it makes more sense to recycle this poisonous base metal.

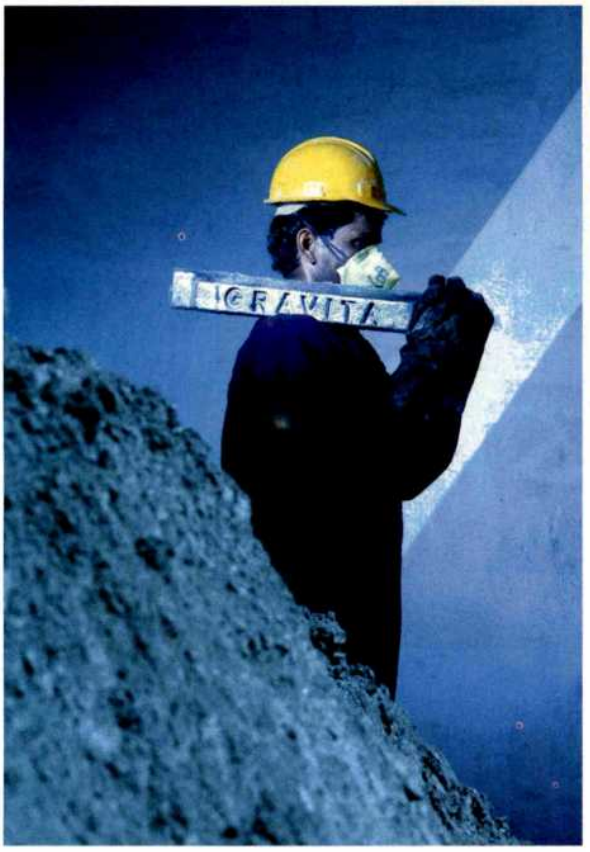
Photographs by Vivan Mehra; Text by Manu Kaushik

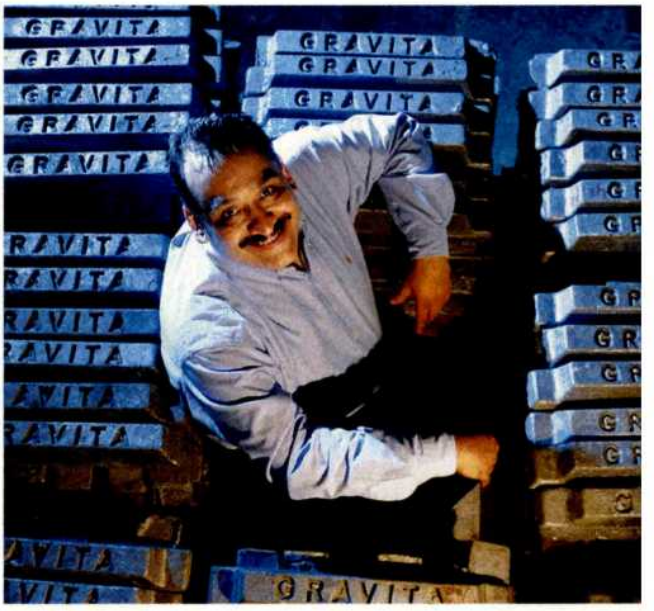
At Gravita India's Jaipur plant, one of the nine it runs across the world, lead scrap melted down in furnaces is refined in these kettles to a purity of 99.97% at temperatures of 327 C to 650 C.



Used storage batteries are brought in for recycling. Only a third of India's lead output comes from mines. Gravita and its peers recycle in the cleanest possible way, unlike backyard smelters.

Rajat Agrawal, MD, says most car and truck batteries are dumped in landfills, and recycling accounts for a small percentage. "Our eco-friendly plants ensure minimal waste disposal," he says.





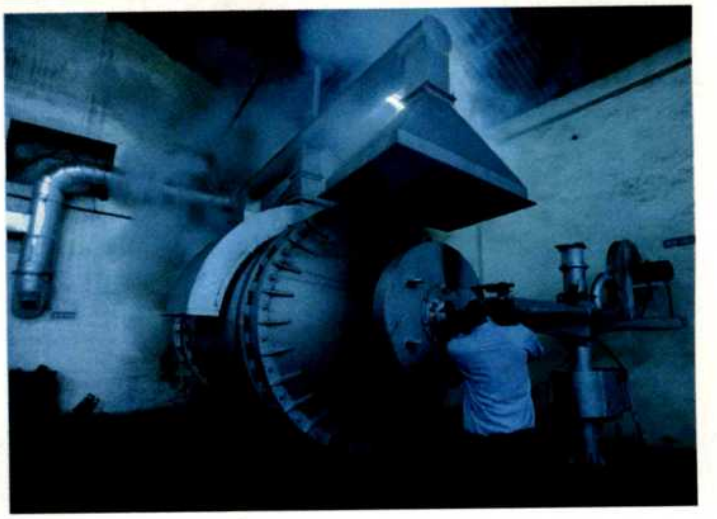
This 99.97 purity lead ingot is one of Gravita's products. Lead being very dense, this ingot weighs 24 kg. Going by the mid-October lead price of Rs 115 a kg, the ingot costs Rs 2,760.

About 75 per cent of the world's lead production goes into batteries. Gravita itself sells 60 per cent of its recycled lead to battery makers in India and abroad. The rest goes to the makers of ceramic glazes, paint additives, and pipes and sheets.

Gravita can recycle 34,700 tonnes a year. Emissions of toxic gases such as sulphur dioxide and nitrogen dioxide are kept well within limits set by the government. Gravita has set up 32 plants for others across the world. Revenues in 2009-10 grew to Rs 159 crore. The profit: Rs 14 crore.

Gravita equips its workers with filter-masks, industrial gloves and leather boots to minimise contact with lead and its fumes. It also gets their blood tested annually.

A typical open furnace (above) at a backyard processor, usually at a remote location. Heavy polluters, these makeshift furnaces work at night and are moved around to avoid the law. A Gravita furnace (right) traps gaseous pollutants. Only steam gets out.



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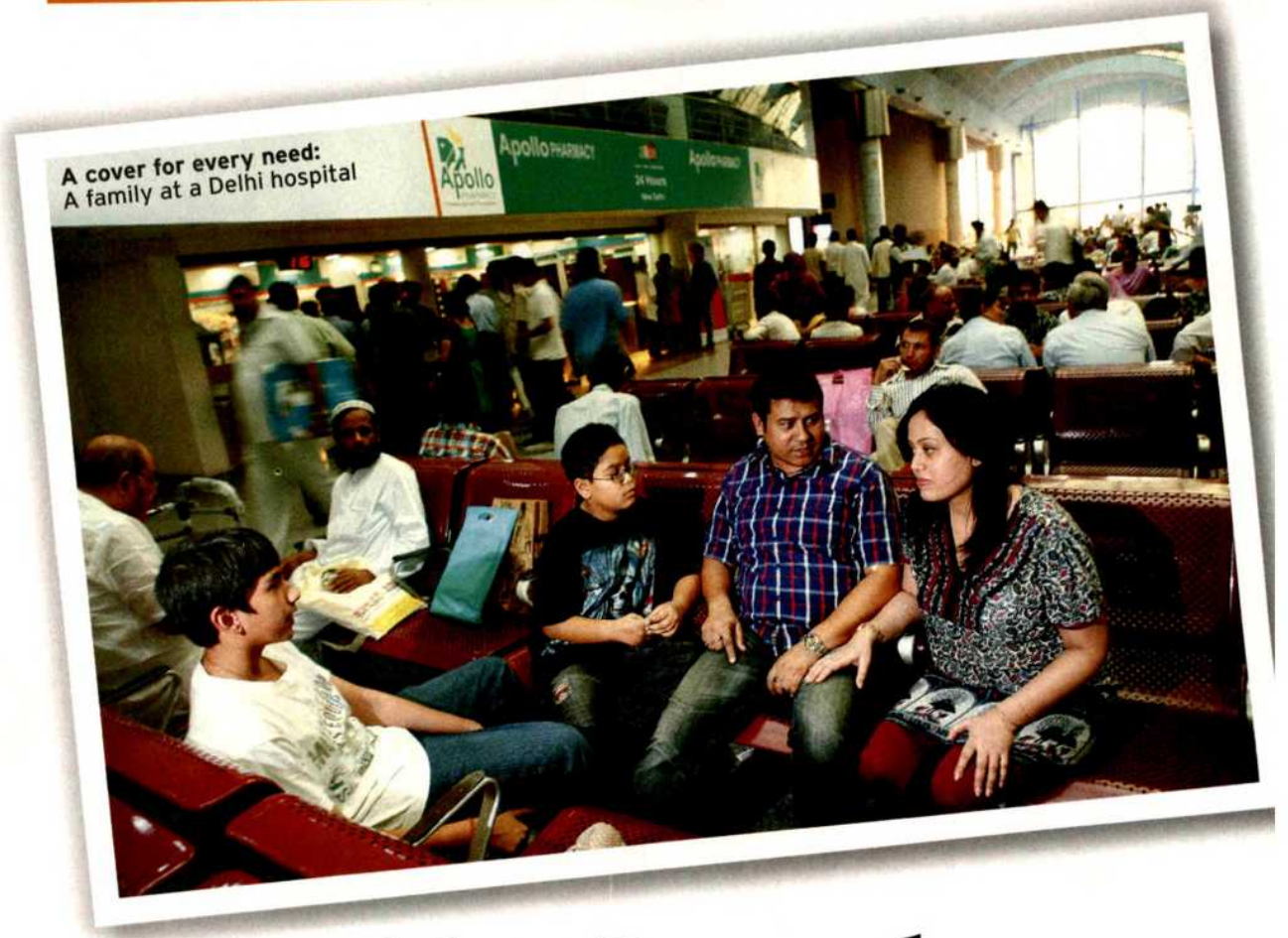
LAST BUT NOT LEAST

PERSONAL TECH 203 EXECUTIVE HEALTH 208 PEOPLEBUSINESS 210



A cover for every need: A family at a Delhi hospital

A Healthy Spread

Stand-alone health insurers are making a mark, writing novel policies that cover everything from joint families to a visit to the dentist. BY MANU KAUSHIK

In October 2007, Delhi-based businessman Chander Amla bought a family floater health insurance policy from Royal Sundaram General Insurance, which extended a combined cover of Rs 3 lakh to him, his wife and daughter. Two years later, he felt that the amount was not sufficient to cover the rising medical costs and asked the insurance company to raise the sum insured. He was particularly worried about the Rs 1,500 per day room rent cover during hospitalisation. "The average daily room rent in a

reputed hospital is much higher. Also, the policy covered only illnesses that require hospitalisation of more than 24 hours. There are so many day-care procedures now that do not require hospitalisation for more than a day," says the 60-year-old Amla. After his several calls to the company went unheeded, an insurance broker advised him to buy Max Bupa's Heartbeat policy. It appeared to match his needs better, with an individual cover of Rs 3 lakh for him and his wife. "In the Max Bupa plan, there is no room rent cap. Moreover, the policy covers medical expenses that do not require hospitalisation for more than 24 hours," he says.

Indeed, stand-alone new private health insurance companies such as Max Bupa, Apollo Munich Health Insurance and Star Health and Allied Insurance are making their presence felt by unveiling radically different products, for individuals and families alike, and in the process offering comprehensive cover across age groups.

"Today, we have products with a lifelong policy renewal feature — covering you from cradle to grave," says Antony Jacob, CEO, Apollo Munich, a 74:26 joint venture between the Apollo Hospitals Group and Germany-based Munich Re.

The penetration of health insurance in India is abysmal — only about one per cent of the population is covered under any form of health insurance according to the National Council of Applied Economic Research (NCAER). Contrast this with the United States where 85 per cent of the population is covered or China at 77 per cent. This, say these private companies, is because products and services are not fully designed to meet the unique requirements of Indian families. "So far, the insurance products in the market have ignored the needs of Indians. But now, the pure health players are launching products keeping the customers in mind," says Jacob.

Consider the example of Max Bupa, owned 74 per cent by Max India and 26 per cent by Britain-based Bupa. It entered the market in April 2010 and recently launched a plan, Family First, that covers an extended Indian family of up to 13 members, including parents, spouse, children, brothers, sisters, and even in-laws, grandparents and grandchildren through one policy.

PHOTOGRAPHS BY MONEY SHARMA

DAMIEN MARMION
CEO, Max Bupa

"It is the first time that individual cover and family floater have been combined in the same policy"

Max Bupa
Health Insurance

WHAT'S NEW: Family First
Only product with comprehensive coverage of joint or extended families

INSURANCE COVER: Rs 1-5 lakh individual cover plus Rs 3-15 lakh for the whole family

BENEFITS:

- Unlike existing family floater policies, an individual can cover extended family as well (up to 13 members)
- Includes maternity benefits and newborn baby care
- No involvement of third-party administrators as company executives personally manage the claims

It offers individual insurance cover for each insured person — ranging from Rs 1 lakh to Rs 5 lakh — apart from a floating insurance cover that is available to all family members. This is a big departure from the industry norm where family floater products cover only nuclear families with a maximum of two adults and two children.

In addition, the maximum sum insured in usual floater policies is Rs 10 lakh, whereas Max Bupa Family First gives coverage of up to Rs 15 lakh.

"The product has been designed keeping in mind the needs of joint families. It is the first time that individual cover and family floater cover have been combined in the same policy," says Damien Marmion, CEO of Max Bupa Health Insurance. The plan has other unique features. It offers maternity hospitalisation and

newborn baby cover — features that were till recently available only under group mediclaim

Max Bupa, which is connected to over 600 hospitals across the country, was also the first insurer to introduce "single-age band pricing" products. Here the company determines the premium solely on the basis of the individual's age. "So, it helps avoid a sudden spike in premium when an individual crosses a particular age limit," says Marmion who thinks that although Max Bupa's policies are 15-20 per cent costlier than somewhat similar products by its competitors, customers are ready to pay.

Another fleet-footed entrant is Apollo Munich, which flagged off operations in August 2007. Health insurance policies issued by non-life insurers typically do not offer cashless treatment at OPDs, or outpatient departments, and health check-ups. Apollo Munich's product Maxima has started offering, for the first time in India, cashless inpatient and outpatient treatments. The plan is available for both individuals and family, which can include two adults and two kids. While the sum insured on inpatient treatment is Rs 3 lakh, the limits on OPD expenses varies between Rs 5,000 and Rs 7,000 at any of the over 1,500-odd pharmacies, diagnostic centres and consultants empanelled by Apollo Munich.

"Forget the big diseases, we offer insurance even for allergies, sore throat and cracked lips. The aim of this product is to shift the focus from curative to preventive coverage," says Jacob. Maxima was launched in August and the company is expecting to sell over 5,000 policies by the end of the financial year.

Star Health and Allied Insurance, which started operations in 2006, also has a first to its credit. It has launched the first health product for diabetics (Diabetes Safe) that covers the cost of hospitalisation of up to Rs 5 lakh. Diabetes often leads to trouble in the kidneys and the eyes, and can cause crippling foot ulcers. India has the world's largest population of diabetics: 51 million and counting. "Any person diagnosed with Type II Diabetes can take this policy between 26 and 65 years of age and can get renewals till age 70," says V. Jagannathan, Chairman and Managing Director of Star Health and Allied Insurance, which also has a product for HIV positive patients.

Star Health, which is available at more than 4,600 hospitals, also has top-up health policies that give extensive medical coverage and are cheaper than the regular policies. For instance, a Star Super Surplus top-up of Rs 7 lakh costs around Rs 7,500 per annum for an individual while a regular Oriental Insurance policy of Rs 3 lakh costs Rs 8,500 annually.

In India the public sector still accounts for 58 per cent of the health insurance market. But the private companies are making inroads, and the stand-alone ones among them have taken 12 per cent of the total market. Clearly, the growing competition will mean that the customer will truly be king in the future and is likely to be spoilt for choice. ◆

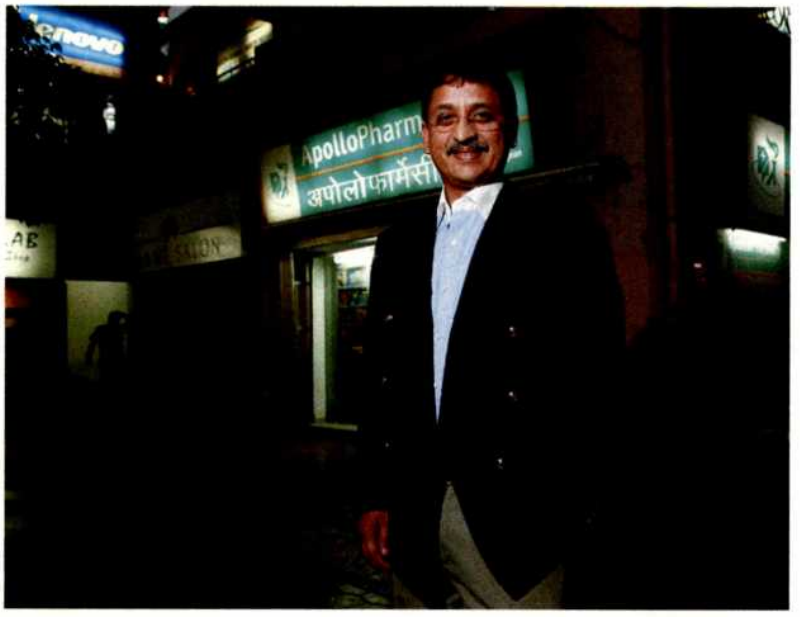
ApolloMunich HEALTH INSURANCE

WHAT'S NEW: Maxima
Only product that covers cashless OPD expenses, health check-ups, eye and dental care

INSURANCE COVER: Rs 3 lakh in the case of both individual and family floater

BENEFITS:

- Medical expenses that require hospitalisation of less than 24 hours are covered
- Half the unused OPD entitlements can be carried forward to the next year
- No age limit for policy renewal



ANTONY JACOB
CEO, Apollo Munich Health Insurance
"Today, we have products with lifelong policy renewal feature – covering you from cradle to grave"

Looking Alive

The animation industry is in good shape and hiring in a big way.

The past four months have been the busiest in a long time for the placement cells of the Maya Academy of Advanced Cinematics (MAAC), the Aptech-promoted leading provider of high-end 3D animation and visual effects education. Already, more students have been picked up by the animation industry during the first six months of the financial year 2010-11 than in the whole of the previous year. "June onwards has been phenomenal. The demand for talent is growing at a fast pace," says Ram Warrier, Business Head of MAAC.

But what is contributing to this uptick in demand? The IT industry lobby NASSCOM expects the animation industry to report a compounded annual growth rate, or CAGR, of 22 per cent to reach $1 billion by 2012 from $494 million in 2008. Globally, the industry is projected to grow at a 10 per cent CAGR to $100 billion by 2012 from $68 billion in 2008. Also, by 2012, custom content development and multimedia along with web design and visual effects are expected to remain the largest segments followed by animation entertainment.

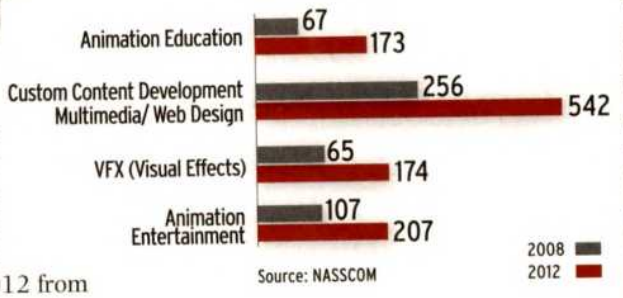
In the wake of the recession, companies in the West have actively begun looking at destinations like India to develop animation content at a fraction of the cost back home. As a result, for instance, Hyderabad-based Technicolor, which started operations early this year, has already increased its headcount to a 100, says Warrier.

Besides, as NASSCOM points out, many in the industry have moved from a pure offshore model to a co-production model, in which the Indian studio provides manpower and infrastructure and the international producer marketing and distribution. An example is Prime Focus, an end-to-end techno-creative services provider that has, among others, collaborated in the making of Hollywood films such as *Clash of the Titans* and, more recently, *Cats & Dogs 2*.

Prime Focus has hired nearly 700 people in the last six months, taking its headcount to 2,000. The bulk of the recent recruitments was meant for its Indian operations at the entry level. It also has operations in Canada, the United States and Britain.

Big Leap

Figures in $ million



Source: NASSCOM

"Another scale-up is in the offing in the next six months. This time we plan to hire another 600," says Merzin Tavaria, Founder and Chief Creative Director of Prime Focus, adding: "The visual effects talent is in focus. Most openings are for creative roles." However, employability of recruits remains a challenge for players. "You need to tap talent and train them," says Tavaria.

Since the sector is still in its infancy with the attendant dearth of talent, most players are also recruiting laterally from sectors such as software services and technology. ◆

SAUMYA BHATTACHARYA

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AVP Static Data /Chartfields -Peoplesoft
Location: Pune
Job ID: 8804317
Description: Aspirant must have experience in accounting (banking preferred).PeopleSoft Financials Implementation experience

Omnitech Infosolutions Ltd.
Practice Lead- Testing Services
Location: Mumbai
Job ID: 8721218
Description: Experience in Sales / I and Delivery of Testing Servic PracticesAtleast 12 yrs. of experien technology function with exposure to h teamsMust have experience in a lea position with team building and retentic

Virtusa Software Services Pvt Ltd
Sharepoint Architect/Associate Architect
Location: Chennai
Job ID: 8244998
Description: Responsibilities: Research, design, and implement high level architecture in SharePoint and review detailed designs; Conduct systems requirement analysis etc.

ABB Limited
Scientist
Location: Bangalore
Job ID: 8333120
Description: Applicants should have understanding of software engi methodologies and their practical app to software systems development.

Sapient
Senior Associate – Business Intelligence / Data Warehousing (DataStage)
Location: Noida
Job ID: 8742882
Description: lookiCandidate with 4 – 6 years of experience with around 2 – 3 years of experience in developing and designing large scale data integration solutions.Strong data integration skills with tools like IBM DataStage.

Suzlon Energy Ltd
AGM - Logistics Quality
Location: Pune
Job ID: 8810149
Description: Dynamic candidate exposure to Logistic Quality Mana Procedures, Good Leadership, Prese Negotiation and Liaison qualities.

Persistent Systems Limited
SalesForce Architect
Location: Pune
Job ID: 8694323
Description: Incumbent must have working experience in Force.com (Sales force); development experience with Apex, Governor limits, Visual Force pages design; understanding of Databases etc.

Yahoo Software Development Inc Ltd
Lead SCM Professional
Location: Bangalore
Job ID: 7364698
Description: Responsible for auto building, releasing, configuring chan the Integration, QA and Staging envir releasing approved changes into Produ

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Telemarketing Executives
Location: Delhi, Noida
Job ID: 7667163
Description: The incumbent should have good Communication and Convincing skills; responsible for educating the customers regarding the Products/Services.

Schneider Electric.
Manager - Sales BMS/IBMS
Location: Chennai
Job ID: 8732041
Description: Incumbent will be responsible for building customer relationship, order execution, payment collection, enquiry generation & assessment, offer / tender preparation.

Monster.com
Corporate Relationship Manager
Location: Pune
Job ID: 8796268
Description: Role: Selling Monster's enterprise solutions to leading companies. Identify & analyze the client's requirements, thoroughly mapping the accounts etc.

Datacraft
Licensing Sales Specialist
Location: Mumbai
Job ID: 8774160
Description: Responsibilities: Define local licensing sales strategy and quarterly targets around licensing for allocated customer territory for CIAM and CPM patch.

Fujitsu Consulting India Ltd
Sr. Sap ABAP Consultant/IT Consultant/Sr IT COnsultant
Location: Bangalore
Job ID: 8520304
Description: Must have 4+ years of Strong ABAP experience. have a very good understanding of the SD, MM and FI modules.

Cadila Pharmaceuticals Limited
Manager / Sr. Manager - Marketing
Location: Ahmedabad
Job ID: 8740016
Description: Will be responsible for preparing and achieving budgeted targets. (Product wise and value wise). To define marketing strategies and ensure its effective implementation etc.

Indiabulls Real Estate Ltd
Business Development Manager
Location: Pune
Job ID: 8778853
Description: Responsibilities: Client Acquisition (Retail/HNI). Brokerage Generation through Commodity & Equity. Client Relations.

Assign Info Tech Pvt Ltd
IT Recruiter
Location: Noida
Job ID: 8785985
Description: Duties: Recruitment for senior & middle level positions for the various IT and requirements. Sourcing the candidates through Job portals, internal databases & references etc.

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Keane Inc
SFDC Administrator
Location: Bangalore
Job ID: 8367581
Description: Person must have exp. in implementing and configuring Salesforce.com (minimum 50 users); well versed in Enterprise Edition or above; must had formal Salesforce.com training.

Informatica Corporation
Product Specialist
Location: Bangalore
Job ID: 8495348
Description: Aspirant must hav in OO design and implementatic profiling tools, RDBMS; Strong p skills (Java) and expertise in m development.

McAfee Software India Pvt Ltd.
Research Architect - McAfee Labs
Location: Bangalore
Job ID: 8808649
Description: Display thought leadership in meeting the requirements on various projects within McAfee Labs Malware Research team.

Firstsource Solutions Limited
Technical Support Executive (voi
Location: Mumbai
Job ID: 8604445
Description: Applicant must be have good communication skills.

ADC Telecommunications, Inc
Senior Business Consultant
Location: Bangalore
Job ID: 8629640
Description: Applicant must be able to configure, maintain and support SAP system in SD Module; Gathers requirements, develops specifications and works with the developers etc.

Oracle Financial Services Softv
Oracle and PL/SQL professional
Location: Bangalore
Job ID: 8735295
Description: Resource should l knowledge in Oracle PL/SQL; experience working exp on O Basic knowledge DB tuning; version control tools.

Capegemini
ERP, CRM - Technical Consultant
Location: Delhi
Job ID: 8812723
Description: Incumbent must have one experience in end to end implementation, client facing.

KPIT Cummins Infosystems L
.NET Technical Lead / Project L
Location: Bangalore
Job ID: 7764836
Description: Candidate must ha ASP.NET and C#.NET; strong i 2000/2005 with SSIS, SSRS, SS good communication skills.

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Executive - Global Finance
Location: Mumbai
Job ID: 8816677
Description: Candidate should possess good analytical skills and understanding of accounting and very good in excel. Expert with MS Office package and Outlook.

ACS, Inc.
Chartered Accountants
Location: Bangalore
Job ID: 8427029
Description: Applicant must have knowledge of Accounting Standards, month end finance close process, have handled direct/ indirect taxes, prepare IGAAP and USGAAP reconciliation.

Cybage
Cost Accountant / ICWA
Location: Pune
Job ID: 8799986
Description: Functions: Manage accounts of the company, Lead the Central Accounting team; Forex Management; Manage Direct/ Indirect Taxation including assessment.

Barclays
Infrastructure Technician
Location: Pune
Job ID: 8216065
Description: Applicant must be expert in hardware, Windows Server 2003/2008, IIS6 and above, Microsoft SharePoint technologies & infrastructure (WSS2.0 and WSS3.0 and MOSS 2007) etc.

Websol Software Private limited
SAP SD Consultant
Location: Bangalore, Chennai
Job ID: 7531003
Description: Candiddate should have 4 + yrs of work experience on SAP-SD and should have Good Communication skills.

QUEST
Revenue Analyst
Location: Bangalore
Job ID: 8800087
Description: Tasks: Forecasting of Revenue for Month/Quarter; Follow-up with Delivery for Budget Corrections-To maintain accuracy between budget Vs Actuals.Ensure Milestone budgets.

JPMorgan Chase & Co.
Senior Team Member - Corporate Finance
Location: Mumbai
Job ID: 8813618
Description: RESPONSIBILITIES: Accounting of Payables, Reconciliations, Monthly Reporting to various LOB's, Fixed Asset Accounting and Maintenance, KPI reporting's.

Deloitte
Manager- Financial Planning & Analysis
Location: Hyderabad
Job ID: 8816483
Description: Duties include financial reporting and analysis, financial planning, forecasting, engagement management and AR management.

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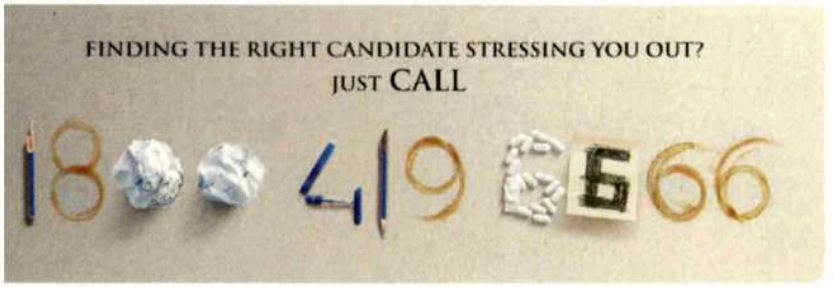

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Great Lakes Institute of Management offers the **PGXPM** course to the Indian Corporates to invest in their most successful Managers and groom them for their Global Leadership roles. The eight-term, rigorous, fully mentored program takes the work experience of the participants into consideration and focuses on sets of core courses in Finance, Marketing, Operations,

Dr.Bala V. Balachandran, Founder & Dean of Great Lakes

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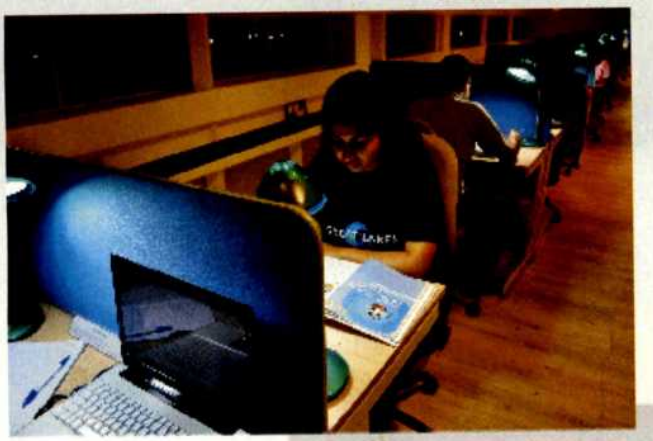

Prof. R.S. Veeravalli
Director

the Program. This is apart from projects that they might do at their work-place as part of the various courses in the Program. They will further learn Chinese-Mandarin, and spend one week overseas during their final contact session in a country appropriate to the program. All of which would round them to be Global Business Ready, which is the raison d'etre of this program.

The caliber and variety of backgrounds the participants of this course come from provides for a rich peer group learning, thus, broadening the participant's perspectives across functions and industries. In this exciting, collaborative learning environment and study groups, participants learn from one another as well as from the program faculty. The group experience provides comradeship, networking, continuity and mutual support throughout the program, and maximum interaction between the participants and faculty. They also develop an outstanding network of managerial peers, and friendships that will last a lifetime. Given the fact that the selection process is rigorous in Great Lakes, potential students are expected to have either a valid GMAT or CAT score in order to apply for this course. The applicants are evaluated based on work experience, past academic performance, essays, letters of recommendation and performance in the interview and group discussion.

As Great Lakes believes in giving only the best to its future leaders, even the campus is crystal refined and soothingly serene spread over 27 acres so as to coax the scholars to enjoy a meditation like learning experience. Indeed, **Great Lakes Institute of Management** is for progressive leaders who would want to take on global challenges. For more information on please visit http://greatlakes.edu.in/programs/pgxpm

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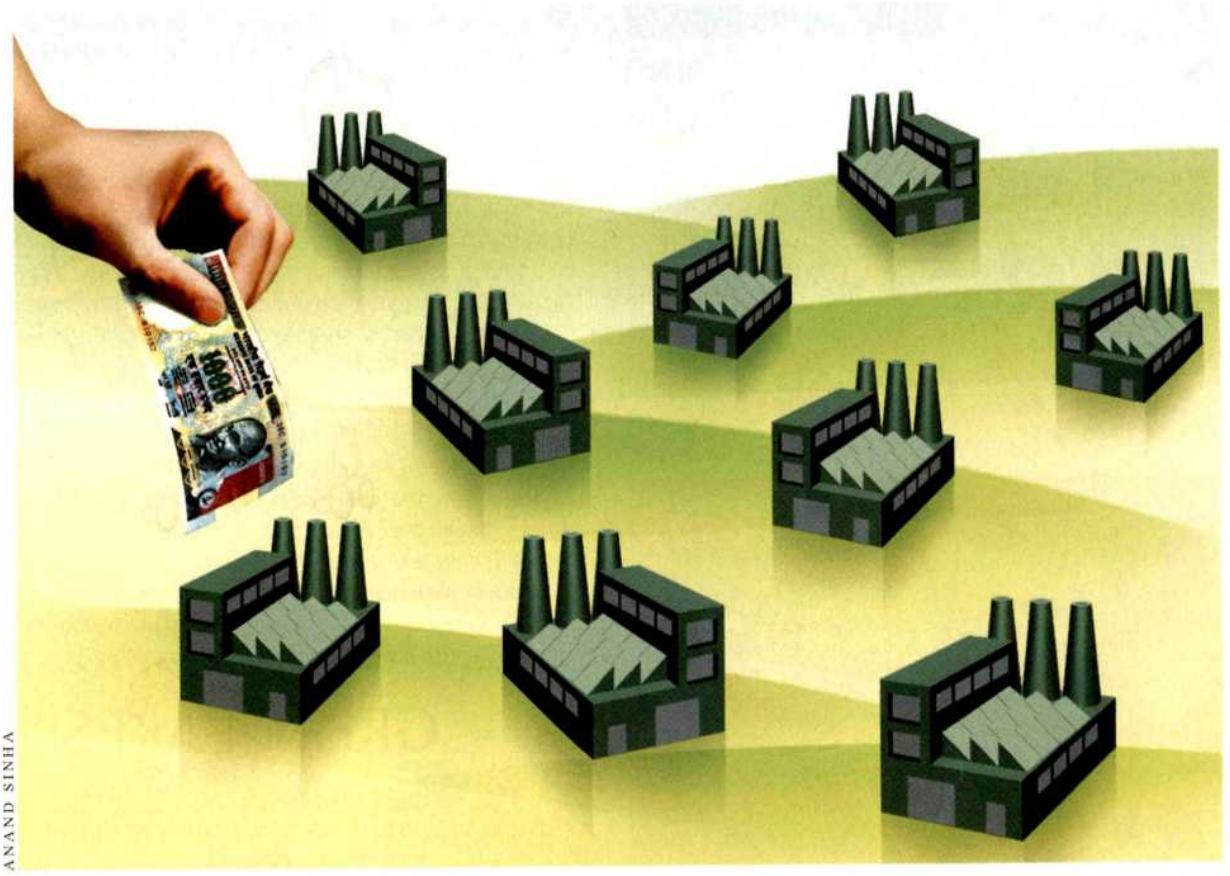
Picking Tomorrow's Winners Today

In the second part of the series on celebrity investors' strategies, **SAMEER BHARDWAJ** tests Joseph Piotroski's method of picking unpopular stocks that have a high growth potential.



ANAND SINHA

Retail investors often favour stocks that are established in the market, those with high market capitalisations and recommended by analysts. However, there are certain stocks that have the ability to outperform the market but remain obscure because their businesses are in the early stages. How does one identify such companies?

In the second part of this series on celebrity investors' strategies, we focus on Joseph Piotroski. He gained fame for his methodology of selecting unpopular stocks that have the potential to become winners. In 2000, while teaching at the University of Chicago, Piotroski came up with an academic paper on investing that was highly acclaimed. His research focused on companies that had high book to market (B-M) ratios, or stocks whose book values (total assets minus total liabilities) were higher than the values (measured by market capitalisation) accredited by investors.

However, there can be genuine reasons for a low market value, resulting in high B-M ratios. For example, investors could have shunned a stock because of a finan-

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cial crisis in the company. But according to Piotroski, the key is to focus on high B-M stocks. Such stocks can be great investments because their share prices are likely to jump once the market recognises their potential.

After selecting stocks with high B-M ratios, Piotroski applies a series of balance sheet and accounting measures to choose profitable options. The factors he uses to zero in on superior stocks are return on assets (ROA), cash flow from operations, net income, debt to asset ratio, gross margins, outstanding shares and asset to turnover ratio.

We analysed the figures for 2008-09 and found six companies, all small-caps, that satisfied Piotroski's criteria. We compared the price performance of the six-stock portfolio with the BSE Small-cap Index between March 2009 and July 2010. If Rs 10,000 had been invested in each of these six stocks on March 31, 2009, the portfolio's value would have grown to Rs 2,15,428 on July 30, 2010. This indicates that the portfolio had an absolute growth rate of 259 per cent compared with the 188 per cent delivered by the BSE Small-cap Index.

We repeated the exercise with 2007-08 numbers and found five companies that satisfied the criteria, again all small-caps. An investment of Rs 50,000 in the five-stock portfolio on March 31, 2008 would have grown to Rs 69,115 on July 30, 2010. The absolute growth rate of the portfolio would have been 38.23 per cent in comparison with the 19.22 per cent delivered by the BSE Small-cap Index.

Piotroski's strategy has delivered market-beating returns in both portfolios. We also tested the method using 2009-10 figures, shortlisting nine companies, and evaluating their performance between March and July this year. As in the 2007-08 and 2008-09 portfolios, the companies are small-caps. An investment of Rs 90,000 on March 31, 2010 would have grown to Rs 1,06,783 by July 30, 2010, an absolute return of 18.64 per cent. The BSE Small-cap Index generated 10.02 per cent over the same period.

In fact, five of the nine companies in the 2009-10 portfolio are turnaround firms. For example, Kandagiri Spinning Mills suffered a loss of Rs 2.6 crore in 2008-09 but recorded a profit of Rs 3.3 crore in 2009-10. Also, Panasonic Battery India suffered a loss of Rs 9.6 crore in 2008-09 but showed a profit of Rs 7.2 crore in 2009-10.

Investments in small-cap companies are considered risky as they are highly volatile. Such stocks also witness greater speculation. Therefore, it is extremely difficult to pick quality stocks from the small-cap universe. Piotroski's strategy not only helps in picking quality small-caps but also a portfolio that beats the market. However, he says the strategy works best for a holding period of one to two years. ◆

Courtesy: *Money Today*

Joseph Piotroski's Stock Selection Methodology

- The stock must have a high book value to market value ratio
- Return on assets (RoA) should be positive and increasing
- Cash flow from operations should be positive and greater than net income
- Long-term debt to asset ratio should be decreasing

The Performance

Piotroski's portfolios consistently beat the BSE Small-cap Index over three financial years

Year	No. of months in which performance evaluated	Portfolio Return (%)	BSE Small-cap Index	Excess Return (%)	No. of stocks	Stocks that Gained	Stocks that Lost
2007-08	28 (Mar. 31, '08–July 30, '10)	38.23	19.22	19.01	5	4	1
2008-09	16 (Mar. 31, '09–July 30, '10)	259	188	71	6	6	0
2009-10	4 (Mar. 31, July 30, '10)	18.64	10.02	8.62	9	7	2

All returns are absolute

Source: **Accord Fintech**

The Chosen Ones

Here are the small-cap companies selected using Piotroski's formula, which helps identify unpopular stocks with the potential to turn profitable

2009-10

Company	B-M ratio	Gross Margin (%)	RoA (%)	Price Change (%)	Excess Return
Bright Brothers Ltd	3.65	7.41	4.45	25	**14.98**
Sambandam Spinning Mills Ltd	2.47	21.34	2.13	23.78	**13.76**
Kandagiri Spinning Mills Ltd	2.22	20.75	2.10	28.60	**18.58**
Eurotex Industries and Exports Ltd	2.16	11.23	1.33	37.58	**27.56**
Wires & Fabriks (S.A.) Ltd	1.92	21.60	3.93	-12.63	**N.A.**
Jeypore Sugar Company Ltd	1.85	25.02	5.77	-8.20	**N.A.**
Panasonic Battery India	1.83	5.22	11.59	36.02	**26**
Shilp Gravures Ltd	1.75	30.85	10.08	23.73	**13.71**
Sri Ramakrishna Mills Ltd	1.55	23.68	12.29	13.95	**3.93**

All returns are absolute; Excess return = Stock return–BSE small-cap return

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Kayastha, 30 yrs / 173 cms, educated in a top US University, director in an India based software company, wealthy family, seeks suitable bride, age 24 – 29 yrs. Should be highly qualified and come from a well-to-do family. Contact: 808 885 5016. E-mail: rk_me@rediffmail.com

Parents invite proposals for 27-year-old Gujarati Leva Patel, MBA (USA), wealthy family, living in New Jersey. Seeks suitable bride willing to settle in USA. Contact Relationship Manager at +91 9376015656

28-year-old Urdu speaking Sunni Muslim, living in Bangalore, M.S general surgery, wealthy family, seeks suitable bride, age 23 – 27 yrs. Should be professionally qualified, preferably M.B.B.S/M.S. Contact Relationship Manager at +91 9381102918

Malayalam –Ezhava, 25 yrs / 5'11", living in Surat, wealthy family, MBA, industrialist, seeks suitable bride, age 20 - 23 yrs, height 5'6" – 5'9". Should be a non-working graduate. Contact Relationship Manager at +91 9327027561.

29-year-old, Mudaliyar, BE, MBA, well-to-do family, working in a leading MNC in Chennai, currently in USA, seeks suitable bride, age 21-27 yrs, height 5'2" – 5'7". Should be a postgraduate. Contact Relationship Manager at +91 9345262349.

Wanted Grooms

Jain-Dasha Shrimali Vanik, 27 yrs / 5'1", living Baroda, hails from a wealthy family in Rajk M.Com, working in a private concern, see suitable groom, age 28 - 31 yrs, height 5'4" - 5' Should be professionally qualified. Conta Relationship Manager at +91 9327027561.

25-year-old, Hindi speaking Kayastha, hails from wealthy family living in Kanpur, graduate, law fro U.K, seeks fair and good looking groom, age 26- yrs. Should be a professionally qualifi businessman from a rich family. Conta Relationship Manager at +91 9320407212

Brahmin-Sanadya, 24 yrs / 5'5", living Ahmedabad, wealthy family, specialized degree animation & computer graphics, seeks suitat groom, age 25 - 29 yrs, height above 5'6". Should professionally qualified. Contact Relationsh Manager at +91 9327027561

22-year-old Maratha, living in Pune, BE, wealt family, seeks suitable groom, age 24-26 yr Should be professionally qualified, preferably fro a business family. Contact Relationship Manager +91 9320407212

Gujarati Brahmin, 26 yrs / 5'4", living Ahmedabad, pursuing MD Radiology, wealt family, seeks suitable groom, age 27 - 29 yrs, heig 5'5" and above. Should be a postgraduate from top institute. Contact Relationship Manager at + 9327027561

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How Not to Lose Interest

Deposit rates are poised to go up. TANVI VARMA tells you what this means for your debt investments and how you can get the best returns without much risk.

If the Reserve Bank of India, or RBI, has a bugbear, it is inflation. The central bank has increased key policy rates six times since March this year to control the rise in prices. The latest was during the mid-term review in September, when it raised the repo and reverse repo rates. Experts feel that the RBI is likely to tighten the screws further because, at nine per cent, headline inflation is well above its target of five to six per cent. "Controlling inflation will be a clear priority for the RBI during 2010-11," says Vaibhav Agrawal, Vice President of Research at Angel Broking. "We are likely to see an increase of half a percentage point in rates by the end of this year and another half a percentage point by the next policy meet. If this doesn't happen, inflation could go out of control," says Ritesh Jain, Head of Fixed Income at Canara Robeco Mutual Fund.

Whether the RBI will be able to contain inflation is yet to be seen, but

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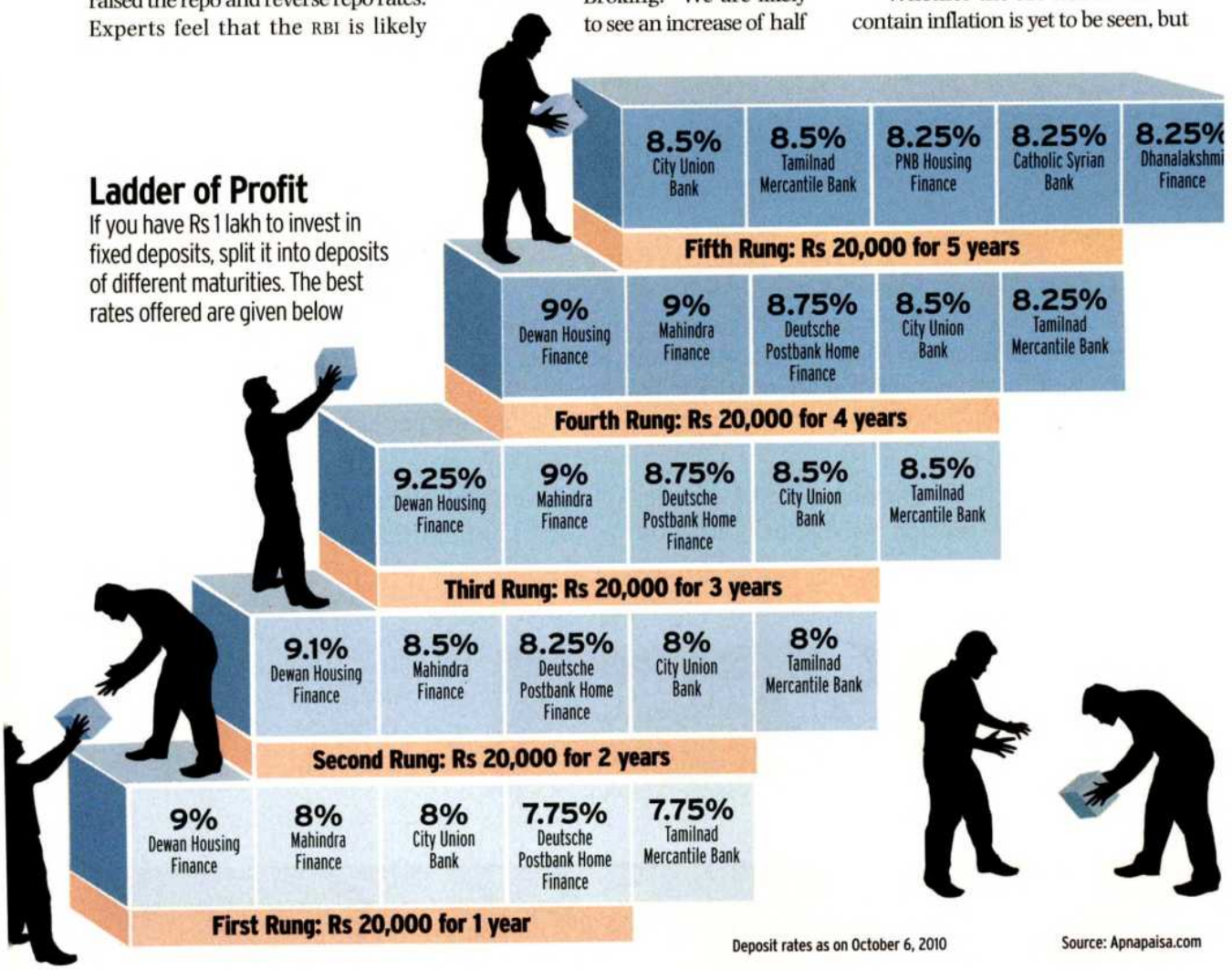
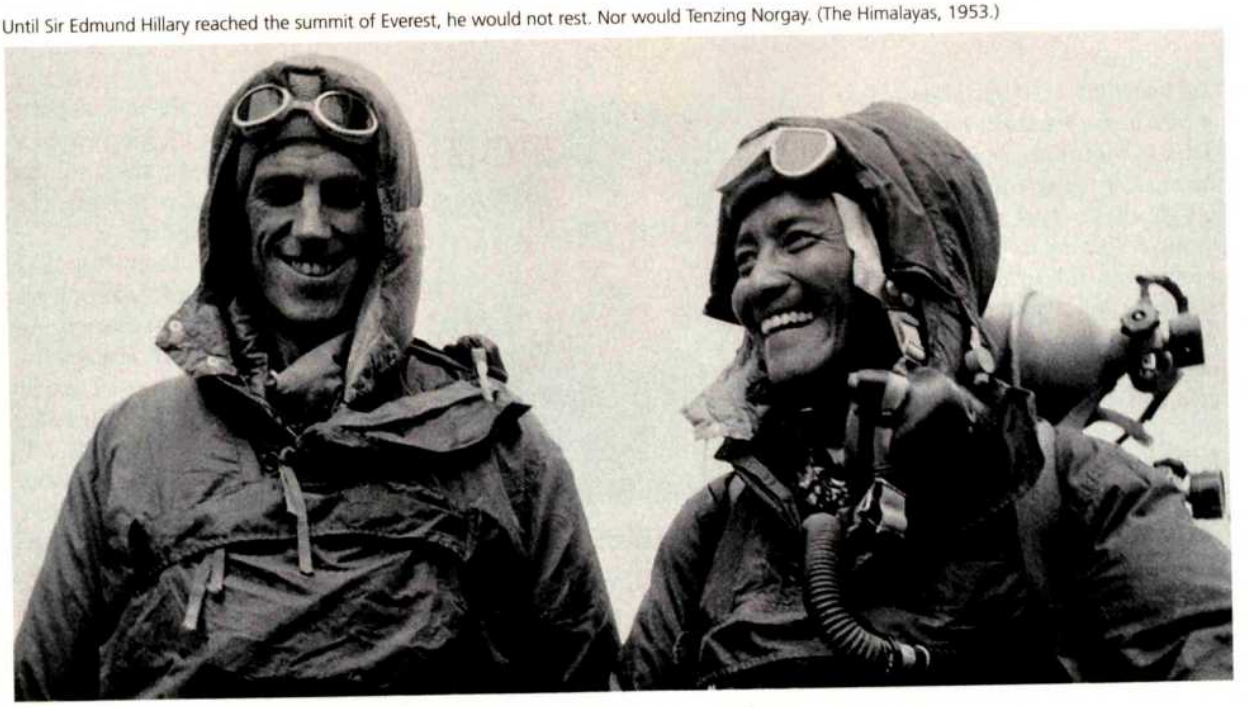


Deposit rates as on October 6, 2010

Source: Apnapaisa.com

Until Sir Edmund Hillary reached the summit of Everest, he would not rest. Nor would Tenzing Norgay. (The Himalayas, 1953.)



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the latest increase has already led several banks to raise their base rates. This is bad news for borrowers because of bigger equated monthly instalments, or EMIs, and longer loan terms. It does not translate into good news even for investors in debt because bank deposit rates have not moved in tandem. Jain expects deposit rates to move up to 9-10 per cent only by the end of the year.

Floating Rate Deposits

You may not have to wait that long to gain from higher interest rates. Indian Overseas Bank, or IOB, and State Bank of India, or SBI, are offering floating rate deposits, where the interest rate is linked to a benchmark rate and could change over the term of the investment. The interest rate of the SBI floating rate term deposits is linked to the bank's base rate. In the case of IOB, the benchmark is the six-month daily average rate of government securities of an equal duration. The 3-5-year deposits are linked to the five-year gilts, while 5-10-year deposits are benchmarked to 10-year bonds.

These deposits will be useful if you think interest rates will move up in the months to come. If SBI revises its base rate (many banks did so in the first week of October), the deposit rate will go up automatically. However, this benefit comes with strings attached. If rates go down, so does the payable interest.

Debt funds, though, outperform in a soft interest rate regime. When rates go down, debt funds do well, and vice versa. Now, the bond market has not done too well in the past 12 months when rates have been on the rise. The 10-year benchmark yield has moved up from seven per cent in 2009 to over eight per cent now. Given the inverse relationship between bond yield and prices, the net asset values, or NAVs, of debt funds with long-term bonds have suffered. Most categories of debt funds have given low, single-digit returns in the past one year (see *Debt Fund Returns are Dismal*).

"Interest rates may be hiked by half a percentage point by December and another half a percentage point by the next policy meet"

RITESH JAIN, Head of Fixed Income, Canara Robeco MF

Debt Fund Returns are Dismal

Category	1-yr return (%)
Long-term debt funds	4.27
Short-term debt funds	4.64
Long-term gilt funds	3.57
Short-term gilt funds	3.90
Liquid funds	4.40
Floating rate funds	4.76

Figures as on October 3, 2010

There is, however, a strategy that insulates you from the volatility in interest rates, gives you stable returns and also offers higher liquidity. You need to stagger your investments in deposits of different terms. Suppose you have Rs 1 lakh to invest in fixed deposits. Invest Rs 20,000 each in fixed deposits of one, two, three, four and five years. After a year, when the one-year deposit matures, reinvest the proceeds in a five-year deposit. By then, all the other fixed deposits, or FDs, would be a year closer to maturity.

This iron-clad approach is known as laddering. It helps you get the best returns without exposing you to the interest rate risk. By using the ladder of FDs, you are spared the trouble of trying to predict which way the interest rates will move. Since some of your deposits mature every year, this also offers you higher liquidity and the chance to latch on to a higher rate if they have gone up. On the other hand, if the rates go down, you won't be stuck with an entire portfolio of low-yield bonds. For terms of five and six years, use instruments such as bank deposits (five years) and national savings certificate, or NSCs, (six years), which can also help you save tax under Section 80C.

Similarly, you can build a ladder of fixed maturity plans, or FMPs, offered by fund houses. FMPs invest in bonds and hold them till maturity, so there is no interest rate risk. The base portfolio is locked in and structured to mature at redemption. So, whether rates rise or fall in the interim, the asset value is protected. "FMPs tend to give higher returns than the benchmark rates," says Vineet Arora, Head of Product and Distribution at ICICI Securities. Currently, 12-13-month FMPs can give returns of 8.5-9 per cent, while three-year FMPs can yield about 10 per cent. However, regulatory guidelines prevent mutual funds from stating explicitly the returns that investors can expect.

FMPs are also tax-efficient because, after a year, gains from FMPs are treated as long-term capital gains and taxed at a lower rate. The interest from FDs is added to your income and taxed at the applicable rate, which can be as high as 30 per cent in the highest tax bracket. ◆

Courtesy: *Money Today*

A Time for Tablets

So, should you think of buying one? By KUSHAN MITRA

The digital tablet format is not new. It has been around for over a decade now. Like the iPod, which brought fresh impetus and became the new standard for digital music players, the iPad, too, which came on the market a few months ago, seems to have caught everyone's fancy.

Make no mistake, the iPad is certainly a cool product — an amazingly capable machine. In fact, if you are the sort of person who buys an expensive computer just to surf the Internet and occasionally check e-mails, it is the perfect device. Well, almost. That's because the iPad does not support Adobe's Flash software. And while Apple's Chief Executive Steve Jobs has his reasons for not allowing Flash support on the iPad — not in the least because Flash is a resource-hungry software — it remains very popular with web developers looking to add interactive multimedia to their websites. The iPad does not have cameras or output cables such as an HDMI port to connect to high-definition televisions.

The Apple iPad The trendsetter in tablets

Yet, the iPad faces a slew of competitors — some releasing their tablet devices now and some over the next few months. Devices such as the Samsung Galaxy Tab and the Dell Streak, both of which run Google's Android version 2.2 mobile operating system. Dell Streak is actually available in India for Rs 35,000. There is also the BlackBerry PlayBook, which albeit smaller than the iPad, is far more powerful pound-for-pound, thanks to its dual-core one gigahertz Cortex A9 processor.

Then there are local tablets, such as the OlivePad. It was reviewed in this column a few months ago and left us quite unimpressed. And that is not all there is on the local (or Chinese) front. There is the government-promoted Rs 1,500 tablet but that is still some way from mass production. Similar kinds of tablets, priced as low as under Rs 7,000, are also being advertised. We would stay away from those, but tablets are becoming rather popular.

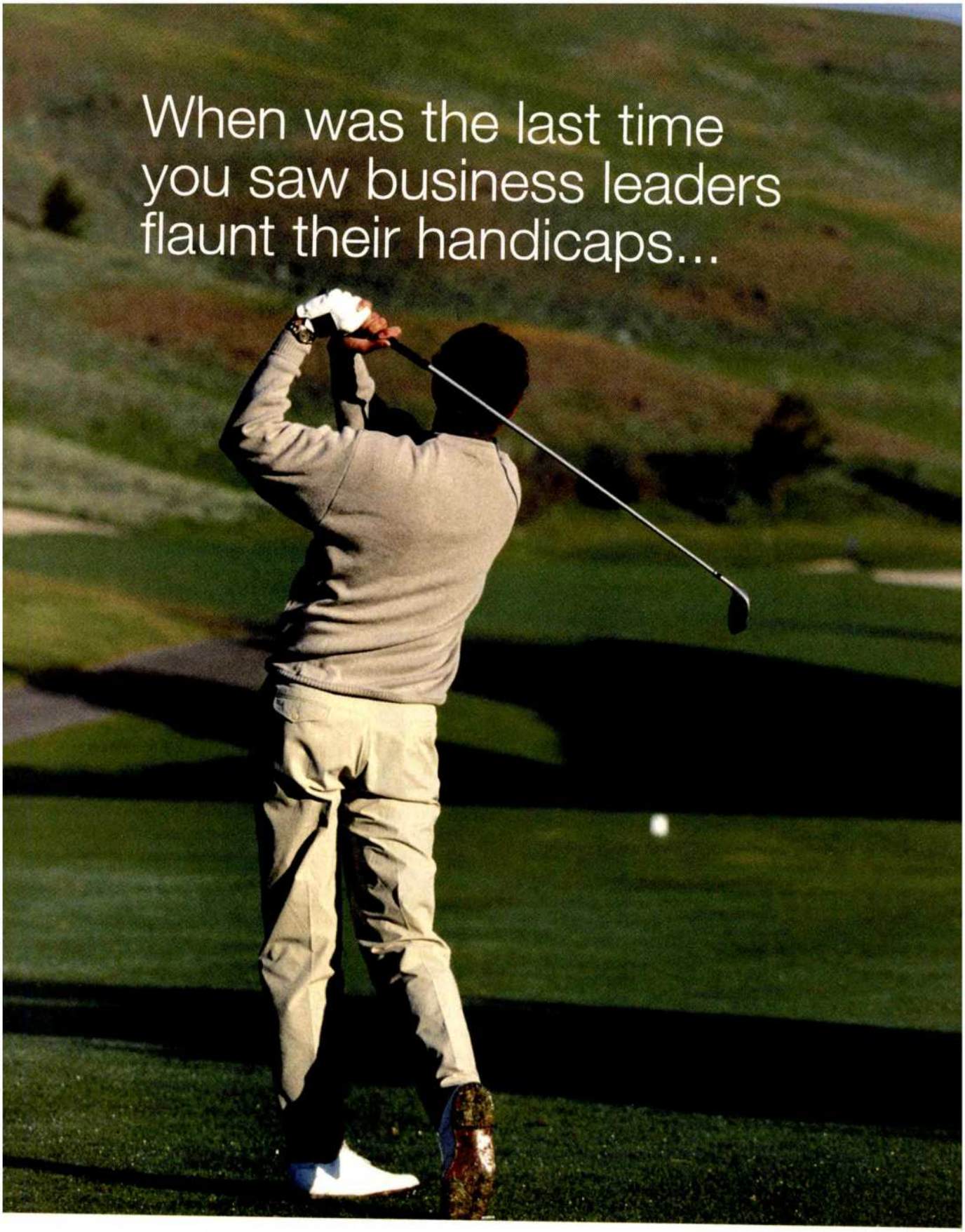
The big difference between local tablets and big-brand ones is in the quality of the screen. You can make out the poor screen resolution on cheaper tablets. Worse, almost all of them lack capacitive multi-touch. Instead, they have resistance touch, which, if you ask someone used to multi-touch devices, is like going back to a standard definition TV from high-definition TV.

So, if you were to buy a tablet, or are considering buying one, go for a big-name brand. But which one? The iPad has a 9.7-inch diagonal screen, while the PlayBook and GALAXY Tab both have seven-inch diagonal screens. This means that the latter two products are, at a stretch, pocketable. But the iOS operating system is proven and the iTunes Apps Store has a lot more applications than the Android Marketplace. The QNX operating system on the PlayBook will be familiar to drivers of Audi and BMW cars, and its makers claim that it will allow "true" multitasking of various applications at the same time.

Many newer tablets on the market have far better hardware than the now slightly dated iPad, though keep in mind that I use the term dated with care as the iPad is still under a year old. Things move in the real world at a dizzying speed. But there should be a newer version of the iPad out sometime next year. Maybe, Apple might eventually even start selling the iPad in India and I believe they will soon. Also, the basic 16 GB WiFi-only version of the iPad should be a lot cheaper than some of the competition.

So, should you get one? Deciding which one to buy will become a lot easier once there are some more products officially available in India. But, for now, is the format worth it? If you type a lot from home, maybe not. It will not replace your work computer though it is an incredible tool to have even away from work. Besides, it is a lot lighter and cheaper than a laptop. But if all you do is reply to mails, keep your replies short since typing is an issue. On the other hand, products such as the iPad have a lot of cool, time-wasting applications — perfect for use when you are stuck at airports, flights and during boring meetings.

Most importantly, tablets are still cool. Like laptops were a decade ago, before they came to signify you were a corporate drone if you toted one. So yes, go, get a tablet. ◆



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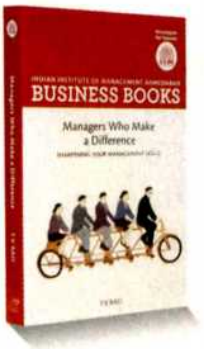
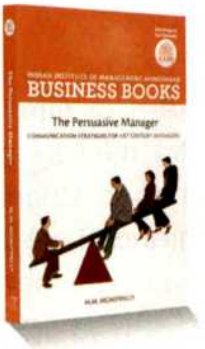
The IIM Ahmedabad faculty's wisdom is now available in good-to-read paperbacks.

Any decent bookstore in India today has stacks of management books, either evergreen bestsellers by the likes of Michael Porter and the late Peter Drucker, or by unknown authors culling words of wisdom into bullets of fast food. In between, there are books by sundry senior managers or B-school professors who may or may not have written a gem. The first category is the safest, and these books are good to display on your shelf at home or office. The fast food is at best good for a short flight. As for the middle range, you may have plonked down a thousand bucks for wisdom that has no Indian context.



MANAGERS WHO MAKE A DIFFERENCE
By: T.V. Rao
Random House India
Pages: 304
Price: Rs 299



THE PERSUASIVE MANAGER
By: M.M. Monipally
Random House India
Pages: 259
Price: Rs 299

Now, Random House India has come up with the idea of getting professors of the Indian Institute of Management Ahmedabad, to write a series of easy-to-read books aimed at the general reader and junior and middle managers who may not have a B-school diploma. To be released in batches of four titles a year, the book jackets have a uniform design and are branded with the IIM-A logo and the catchline "Strategies for Success". So, if you read one and like it, you are likely to pick up the next title blind, rather like picking up books in a 'Teach Yourself' series.

Chiki Sarkar, editor in chief of Random House India, says the series will mark the golden jubilee of IIM-A, apart from being the first such venture into publishing by any IIM.

The first four titles are: *How to be a Better Manager*, by Prof T.V. Rao; *The Persuasive Manager*, by Prof M. Monippally; *Strategies for Growth*, by Prof A. Ghosh, and *Business and Intellectual Property*, by Prof A. Agarwal.

Almost every educated Indian is aware of the IIMs, and the IIM-A usually figures at the top of all B-school rankings. The faculty of the IIMs, however, remain unknown to all but those who were lucky enough to study under them. For the general reader, then, this series promises to be a good read.

As for the content, the most important thing for readers is the extensive use of Indian case studies and anecdotes. This alone should make the books invaluable for professional managers, entrepreneurs without an MBA, and even the general reader. And the books are amazingly affordable.

But considering the talent residing in the IIM chain, why not a series for professionals, books that can become the standard reference for Indian MBA students? IIM-A could even think of creating an imprint like the Harvard Business Review Press of Harvard Business School. After all, there are plenty of India case studies but few people have narrated them with professional authority. And it is time we got a hold on our intellectual property. ◆

SOMNATH DASGUPTA

The most important thing for any reader is the extensive use of Indian case studies and anecdotes

BOOKMARKS

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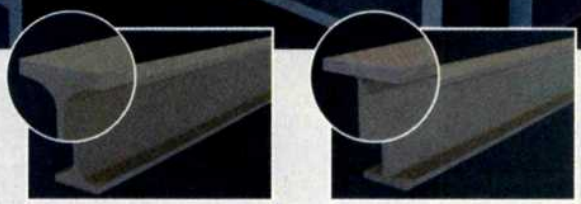
By John P. Kotter, Lorne A. Whitehead
Harvard Business Review Press
Pages: 192
Price: Rs 495

Who cares? What's so great about it? You leave red-faced, your idea shot down. This book should prepare you better for your next encounter.

Brand New World: How India, China, Russia, Brazil are reshaping business
By Max Lenderman
Jaico Publishing House
Pages: 264
Price: Rs 295

The 2009 Canadian edition was called "How Pirates, Paupers and Oligarchs are reshaping business". The new caption sounds dull, but the book is a great read.



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Breaking Your Fast

It is important to have a breakfast which is filling as well as wholesome.

GIREESH G.V.

How often do you find yourself skipping breakfast in order to get to office on time? The younger and busier you are, the more often it is likely to happen. Between the hectic and exacting schedules of today's professionals and the need for adequate rest, the convenient casualties are exercise and breakfast. As you rush to work, quite often you just grab a glass of milk or juice or a cup of coffee or sometimes not even that, little realising that you are adding one more problem to your life: Lack of nutrition.

"I feel famished by 11-11.30 a.m.," says Garima, 33, who works with a telecom service provider. This is because, as she says: "On most days, I tend to grab a glass of milk for breakfast." She ends up eating instant noodles after reaching office, for want of a better option, not realising that she is making things worse.

Garima is not the only one committing a lifestyle blunder. "Many professionals I speak to say they don't have the time for breakfast. Even when they find time (in office), they may not have wholesome options," says Ritika Samaddar, Regional Head of Dietetics at Max Healthcare, adding: "The snacks available in offices are nothing short of a disaster. *Samosas* and *pakodas* are calorie-dense and nothing else."

If you work long hours, chances are that you are not eating a proper breakfast, lunch as well as dinner. In such a scenario, breakfast becomes even more important. "If you have a wholesome breakfast, your metabolic rate increases. And if you don't have breakfast, your metabolic rate goes down and you feel lethargic throughout the day," Samaddar says.

What constitutes a wholesome breakfast? "For sedentary workers, bread, porridge, oats or even a *chapatti* or two will work fine, but not fried *paranthas* and curd," Samaddar says, adding that the *parantha-sabzi-lassi* option works only for field workers. Her personal favourite is toasted bread sprinkled with extra virgin olive oil, which, she says, goes well with a glass of milk.

Nutritionists say a wholesome breakfast must have the right proportion of carbohydrates and protein. Toasted bread taken with a cup of tea can be filling, not wholesome. But substitute tea with a cup of milk and an egg and it becomes wholesome. The proportion of cereals and protein in your meal also determines when you will feel hungry again. If your breakfast is rich in carbohydrates, you get instant energy but your body slips into a "low" very fast, making you hungry again in an hour or so. If the food is protein-rich, the release of energy is gradual.

Just having a glass of juice for breakfast is a mistake, as it has only carbohydrates. A whole fruit is a much better option. Almonds are a rich source of vitamin E and healthy fat. A good breakfast (see *Right Foods*) should provide a third of the body's requirement of micronutrients. ◆

SAUMYA BHATTACHARYA

RIGHT FOODS

1. Oats or porridge with milk along with a bowl of fruits
2. Poha (sautéed flattened rice) with vegetables along with *lassi*
3. Vegetable or egg sandwiches with a glass of milk
4. *Sattu* (powdered baked gram) is an excellent option both as a drink and as an ingredient in *chapattis*
5. Toasted bread sprinkled with extra virgin olive oil. This goes well with a glass of milk

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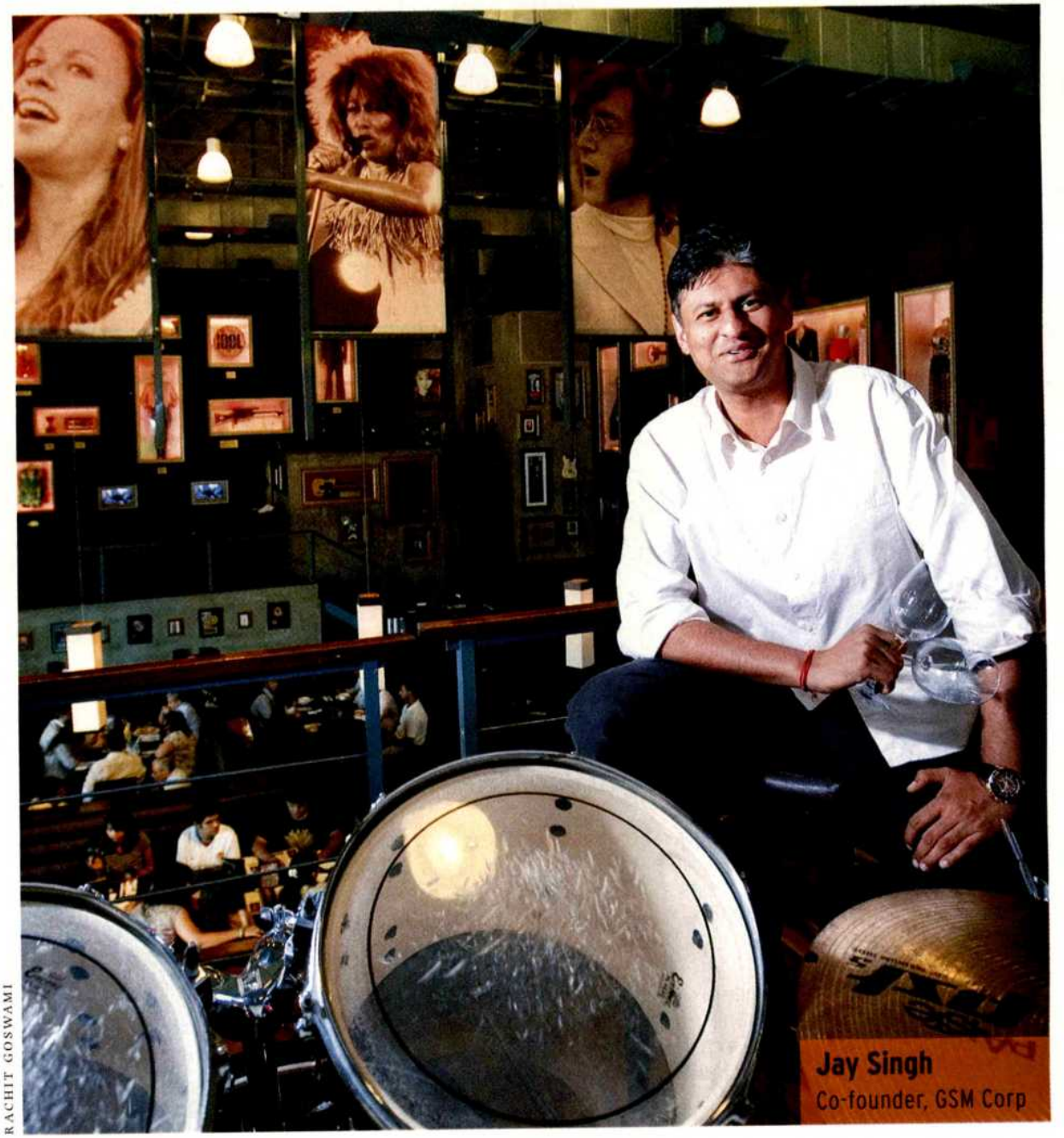

RACHIT GOSWAMI

Eat, Drink, Expand

When you own some of the country's top lounge bars and restaurants, where do you head for a noggin and a bite yourself? For **JAY SINGH**, Co-founder of GSM Corp, it would be Trishna in Mumbai and Bukhara in Delhi. The 43-year-old franchisee of wildly successful brands such as Hard Rock Café and F Bar rocked around the world before settling down in India almost two decades ago. Now, besides taking Hard Rock Café to Chennai and Colombo by March 2011, Singh is ready to bring in more exotica. He has launched California Pizza Kitchen, inventors of the now ubiquitous BBQ chicken pizza. Next up is Trader Vic's, with Singh signing up the California-based creator of the famous Mai Tai, the quintessential Tiki cocktail. Any wonder that Singh exudes confidence. "We stand a good chance of winning in the long term."

ANUMEHA CHATURVEDI

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Ritu Beri
Fashion Designer

Haute off the Catwalk

She first wooed the stylish Parisians with her rich Indian motifs, and then went on to head a French fashion house (the first Asian designer to do so). And now, the French have bestowed on **RITU BERI** the prestigious Ordre des Arts et des Lettres (Order of Arts and Letters), an honour previously bestowed on the likes of Bob Dylan and Satyajit Ray. Beri, a protégé of French embroidery king Francois Lesage, is overwhelmed. "It's a dream come true," she says. Beri, who counts Yves Saint Laurent, Hermes and Christian Louboutin among her favourite designers, is now ready to be more choosy and self-indulgent in the work she does.

ANUMEHA CHATURVEDI

All the News That's FT to Prin

When the *Financial Times* revamped its design in 2007, the campaign tag line read "We Live in Financial Times", a line that resonates with editor **LIONEL BARBER**. The pioneer of the integrated newsroom says, "Our journalists are not only comfortable working in print but also across video, blogs, podcasts, etc." Adapting to new media is the survival secret for print today. Equally, quality decides whether content gets a premium price. Barber, 55, was in Mumbai to address a CII session on the newspaper business.

ANUSHA SUBRAMANIAN

Lionel Barber
Editor, Financial Times

NISHIKANT GAMRE

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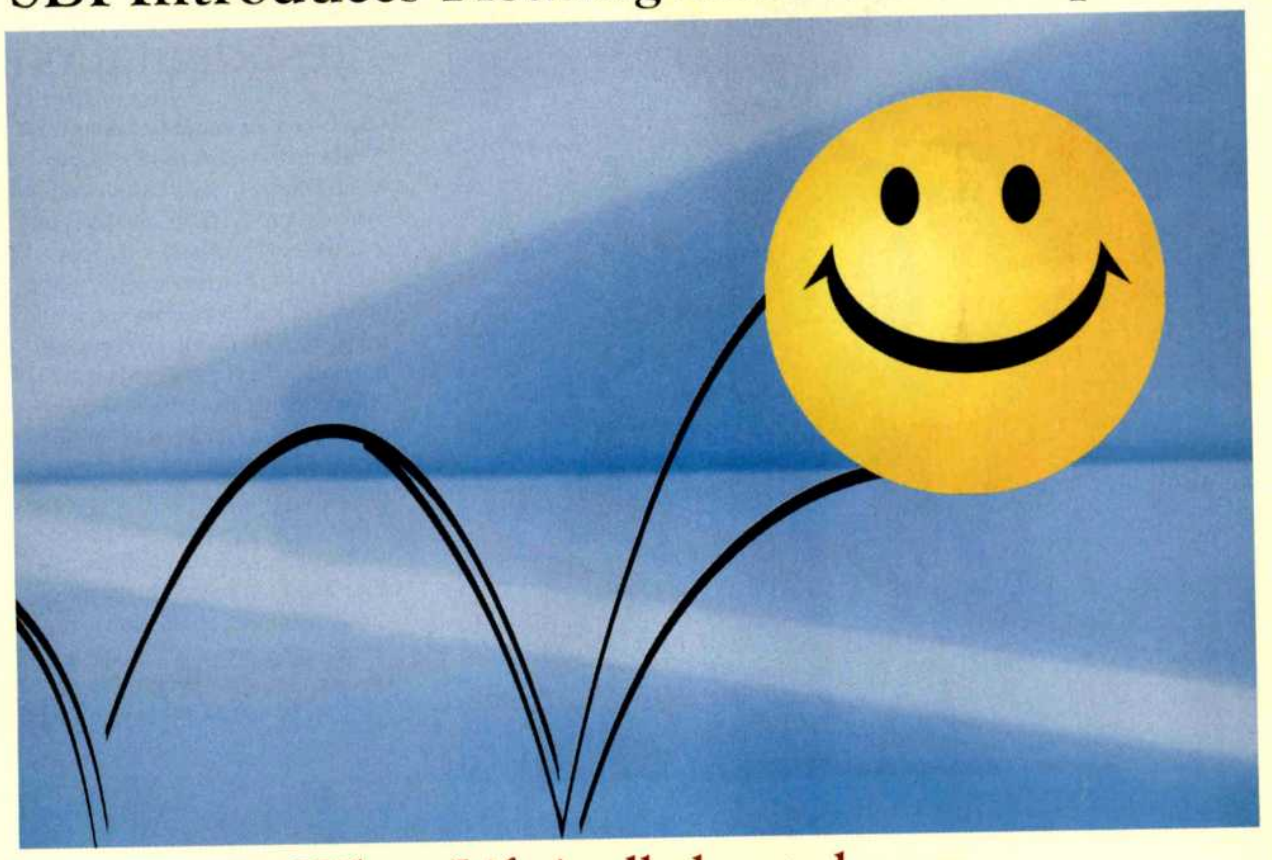

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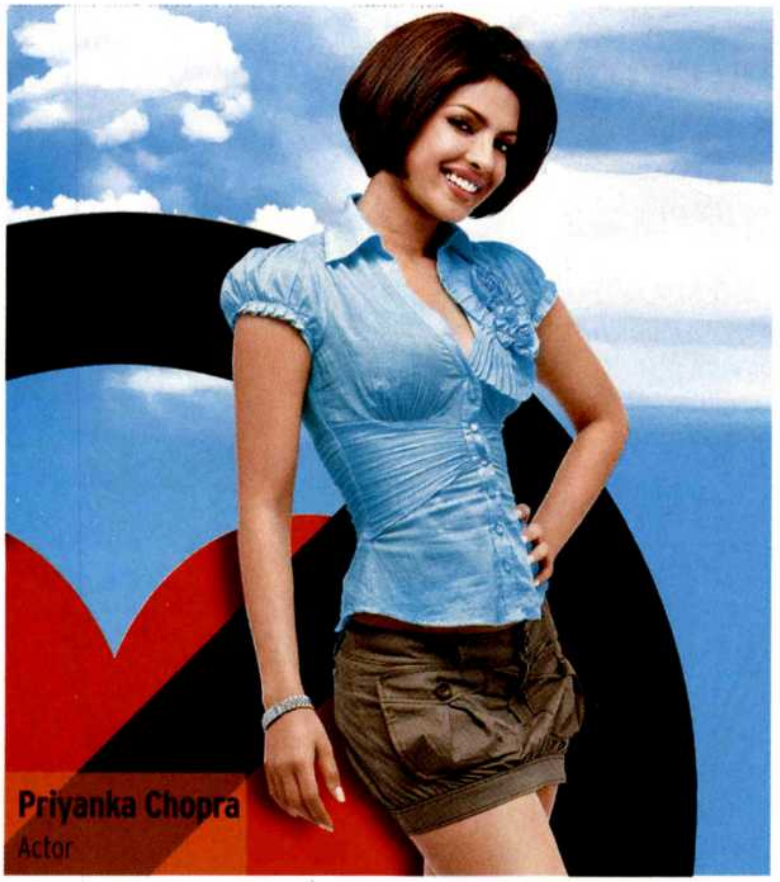


Fan-tastic Prestidigitation

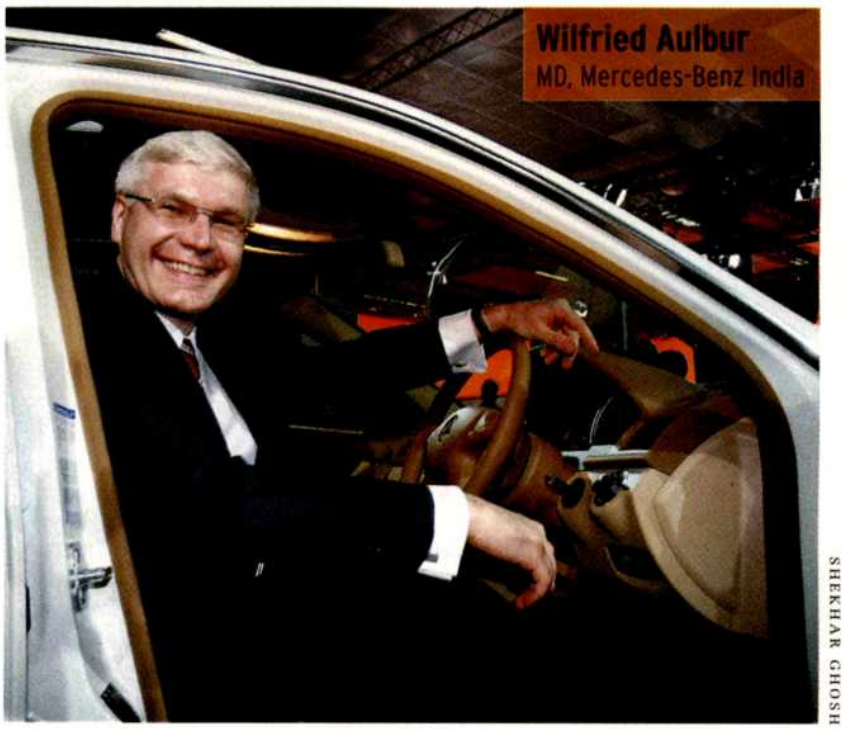
Glossy heroine **PRIYANKA CHOPRA**, 28, is either a tech geek or super savvy about staying in touch with fans. With close to 7,00,000 followers on Twitter and Facebook, and about 60,000 visitors to her website www.iampriyankachopra.com, you would think she had enough on her hands. But no, she has now signed on UTV Interactive to launch voice blogs, voice chats and an official YouTube channel where fans will be allowed a sneak peek into her life. "I access everything through my mobile phone while driving or between shots," she says, adding, "I believe this partnership is an important addition to my overall digital presence." Salivating fans aren't complaining.

ANUSHA SUBRAMANIAN

Changing Gears

Carmaker Mercedes-Benz India has shown a marked rise in sales. What's more, it has sold over 10 SLS AMG supercars in India, which doesn't sound like much but the money would buy a thousand Nanos. Managing Director **WILFRIED AULBUR** also tells of how he recently delivered over 50 Mercs to a group of entrepreneurs in Aurangabad. All this sounds like reason to celebrate, so why is Aulbur quitting? No comments, he says, but will stay on in India albeit not in the auto industry. Married to an Indian, the German is clearly in love with the country too.

KUSHAN MITRA



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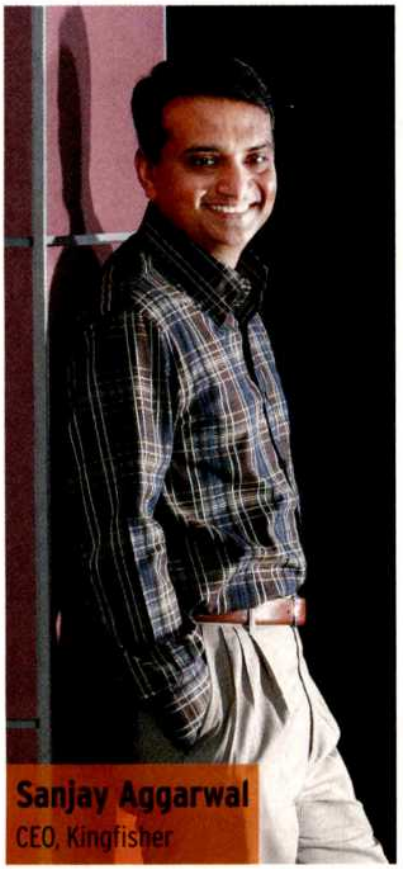
Some Spice in the Good Times

As jokes went, Kingfisher really had no place for anyone but Vijay Mallya and his air hostesses. But now enter **SANJAY AGGARWAL**, 42, as CEO. With a reputation for being a turnaround man after SpiceJet reported profits for 2009-10 during his stint there, Aggarwal will now have his hands full at Kingfisher — he has to bring down debt and losses, at Rs 6,000 crore and Rs 1,834 crore, respectively. Clearly, a turbulent flight ahead.

K.R.BALASUBRAMANYAM



Sanjay Aggarwal
CEO, Kingfisher

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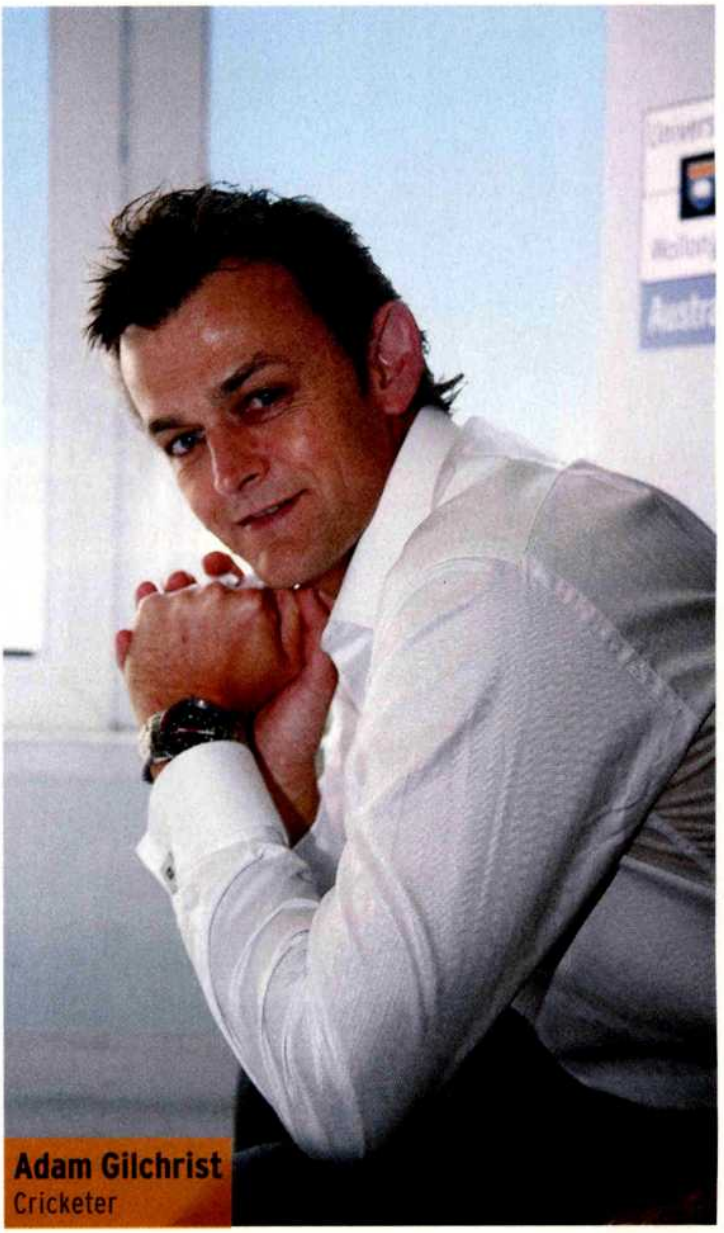

Adam Gilchrist
Cricketer

NISHIKANT GAMRE

Business is Catching

Whether **ADAM GILCHRIST**, 39, gloves a catch or slams a six, it is as much about strategy as about flair. No surprises then, that touring here as Ambassador of the University of Wollongong (UOW), he has reeled in IT company MphasiS for a partnership in research, recruitment and training. This is not Gilchrist's only Indian business link. Besides various product endorsements, he is also an investor in Tropical Forestry Services (TFS), a company that grows sandalwood in north-western Australia for export to India, one of its biggest customers. "I am here to build strong business relationships," he says, "but it takes time, passion and an understanding of the culture."

ANUSHA SUBRAMANIAN

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PROGRAMME TITLE	START DATE	END DATE	COURSE DIRECTOR
Talent Management for Organisational Excellence	8-Nov-2010	10-Nov-2010	P Subhashini
Electricity Tariff & Related Issues Under Regulated Regime	15-Nov-2010	19-Nov-2010	Usha Ramachandra
Effective Human Resource Training & Development	15-Nov-2010	19-Nov-2010	K N Viswanath
Leadership Skills Development	29-Nov-2010	3-Dec-2010	Prabhati Pati
Programme on Service Level Benchmarking for Urban Areas	29-Nov-2010	1-Dec-2010	Vijaya Venkataraman
HRM for Line Managers	6-Dec-2010	10-Dec-2010	P Subhashini
e-Procurement	6-Dec-2010	8-Dec-2010	G Mohan
Strategic Financial Management	8-Dec-2010	10-Dec-2010	Mubeen Rafat
Financial Systems, Management and Accountability in Government	13-Dec-2010	17-Dec-2010	
Strategic Leadership	13-Dec-2010	17-Dec-2010	K N Viswanath
Driving Strategic Innovation	20-Dec-2010	24-Dec-2010	Nirmalya Bagchi
Using Data for Programme Monitoring & Evaluation	20-Dec-2010	22-Dec-2010	P H Rao
Good Practices in PPP Urban Infrastructure & Service Delivery	20-Dec-2010	22-Dec-2010	V Srinivas Chary / A Narender
MDP for Women Executives	3-Jan-2011	7-Jan-2011	P Subhashini
Leadership and Organisation Development	3-Jan-2011	7-Jan-2011	K N Viswanath
GMP for Senior Executives - Session 116	**10-Jan-2011**	**4-Feb-2011**	**Paramita Dasgupta/ Milind Phadtare**
Improving Work Culture	10-Jan-2011	12-Jan-2011	P Subhashini
Finance for Non-Finance Executives	12-Jan-2011	14-Jan-2011	Mubeen Rafat
Strategic Human Resource Management	17-Jan-2011	21-Jan-2011	K N Viswanath
ASCI-WBI MDP on Strengthening Urban Management in India	17-Jan-2011	21-Jan-2011	V Srinivas Chary / A Narender
Gender Budgeting and Planning	24-Jan-2011	26-Jan-2011	Sohini Basu
Communication Skills for Managers	24-Jan-2011	28-Jan-2011	Prabhati Pati
Managing Costs to Enhance Profitability	27-Jan-2011	29-Jan-2011	Mubeen Rafat
Team Building and Conflict Management	31-Jan-2011	4-Feb-2011	A A Firdausi
Personal Growth for Effective Leadership	7-Feb-2011	11-Feb-2011	Vikramaditya Duggal
Innovation Management	7-Feb-2011	11-Feb-2011	Nirmalya Bagchi
Procurement Procedures for World Bank Aided Projects	**7-Feb-2011**	**18-Feb-2011**	**B S Chetty / Raj V Ponnaluri**
Strategic Management	14-Feb-2011	18-Feb-2011	B Kinnera Murthy
Innovation for IT & ITES Sector	17-Feb-2011	18-Feb-2011	G Mohan
Enhancing Managerial Effectiveness	21-Feb-2011	25-Feb-2011	A A Firdausi
IT Enabled Knowledge Management	23-Feb-2011	25-Feb-2011	Nirmala Apsingikar
Designing and Managing PPP	28-Feb-2011	2-Mar-2011	Ekta Singh
Environmental Management Systems in Chemical & Pharma Sector	28-Feb-2011	2-Mar-2011	G Bala Subramanyam
Decision Making for Effective Leadership	7-Mar-2011	11-Mar-2011	P Subhashini
Trg Prg on PPP in Urban Infrastructure & Service Delivery	7-Mar-2011	9-Mar-2011	V Srinivas Chary /A Narender
Gender in the Workplace	10-Mar-2011	12-Mar-2011	Sohini Basu
Managing Human Relations in Organisations	14-Mar-2011	18-Mar-2011	Prabhati Pati
Management of IT	14-Mar-2011	16-Mar-2011	G Mohan
Project & Contract Management	21-Mar-2011	25-Mar-2011	Vilas Shah
Effective Trade Union Management	28-Mar-2011	1-Apr-2011	U Pandey
Managing Hospitals	28-Mar-2011	1-Apr-2011	P H Rao

For further details please contact : Programmes Officer

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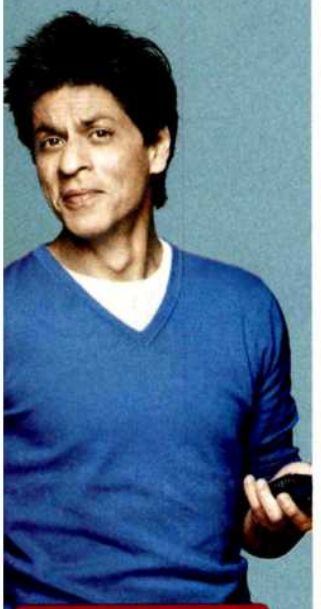

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VANDANA LUTHRA
Founder & Mentor, VLCC Healthcare

My leadership style
- ☐ Delegative
- ☑ Participative
- ☐ Authoritative
- ☐ All of the above

The political leader I admire the most
Nelson Mandela

The business leader I admire the most
Steve Jobs

The leadership lesson I remember best
The devil is in the details

A book or movie I would recommend on leadership
The Power of Simplicity by Jack Trout and Steve Rivkin

The difference between a manager and a leader
A leader inspires while a manager leads

All good managers are good leaders
Yes

As told to N. Madhavan

Vol. 19, No. 23, for the fortnight November 1-14, 2010. Released on November 1, 2010.

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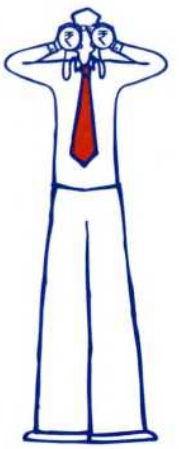

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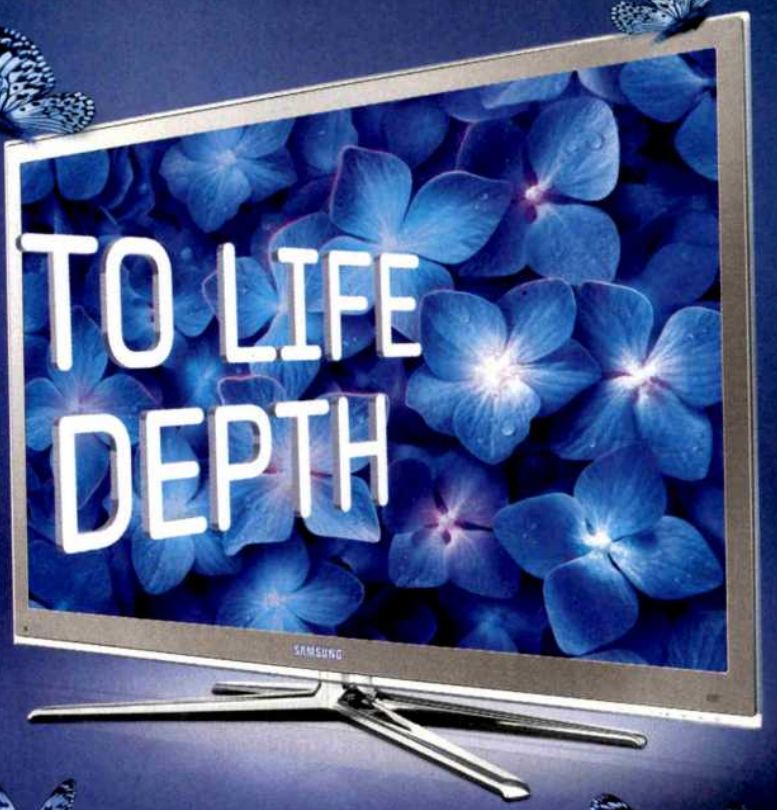

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From the Editor

Early this month I travelled to Agra to walk barefoot around the Taj Mahal, the only wonder of the world that stands in honour of a woman. Make no mistake. That mausoleum was built three and a half centuries ago in memory of a very powerful woman. She was a confidante and counsellor to Shah Jahan, accompanied him to the battlefield, was an active philanthropist, and ruthless in dealing with enemies of the state. Running my hand over the cool marble inlaid with lapis lazuli and other coloured stones, I thought about glass ceilings and what it takes to break them. Women dominate several fields. Their numbers are rising in boardrooms. They excel in managing complex organisations. Why, some analysts even feel that the US financial meltdown would not have occurred, or been so severe, if women had dominated Wall Street.

There is little doubt that women punch above their weight in entrepreneurship and business leadership. This is partly because they are still a stereotypical minority in executive suites. Only 11 per cent of 240 large companies in India have women as CEOs. An even more meagre 5.3 per cent of BSE 100 board positions are held by women. And the World Economic Forum, which starts its annual India summit in New Delhi on November 14 — read our curtain-raisers starting page 37 — ranks India 128 out of 134 in gender opportunities. The cover package involved weeks of excellent teamwork by *Business Today's* writers and photographers across the country.

The stories about India's women business leaders are uplifting and inspirational. *BT*'s 30 Most Powerful Women profiles major achievers over the past year, starting on page 51.

Inevitably, some of the honorees appeared on last year's list. Some have "returned" to the select roster. And a few are new. This year, the seventh time we have put the powerwomen's names up in lights, we also run *The Next 30*, a roll-call of women who have pushed boardroom doors ajar, achieved a lot in their own right, and are certainly unto the honour born (pg 86). There is a lot to read and digest and marvel about, including what is fast becoming a *BT* trademark — a photofeature that tells the story through images, not words. Don't miss our interview with Ellen Kullman, Chair of the Board and CEO of DuPont, on page 105. Kullman is guest of honour at this year's Most Powerful Women awards ceremony in Mumbai. A member of the US-India CEO Forum, a key participant during President Obama's India visit from November 6-9, Kullman is also a co-chair at the WEF Summit.

The Obama visit sets off a procession of world leaders who will come calling as winter cools a Delhi emerging from the Commonwealth Games (Wen Jiabao, Nicolas Sarkozy and Dmitry Medvedev are due to visit by year-end). David Cameron's trip earlier this year means that all five permanent members of the UN Security Council will have courted a rising India during 2010. Obama promised India US support for a permanent seat at the UNSC. He did a lot else too, but it was interesting to watch Michelle Obama as the charismatic power woman during the visit. Something about her confidence and assurance reminded us yet again about why it is so important for us to celebrate the Most Powerful Women in Indian business, not just once a year but at every opportunity.

Chaitanya Kalbag

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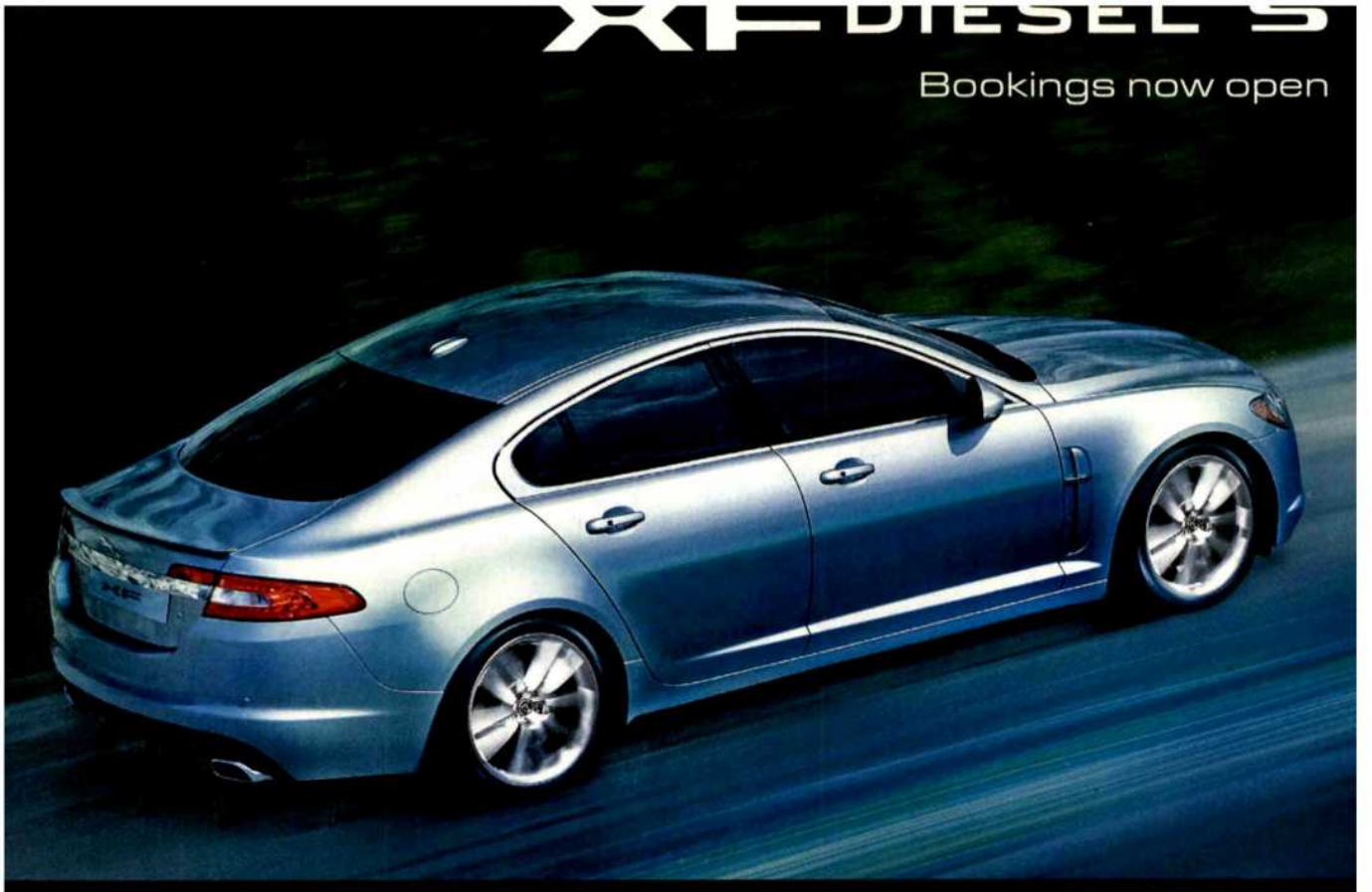

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The BT 500 (*BT* cover, November 14) is a valuable compendium of the most successful Indian companies in the private and public sectors. Your study packs a lot of analytical information and insights to help evaluate the performance of companies in various sectors. It also amplifies our scope to infer and understand business models and strategies of India's top-listed firms and serves as a ready reckoner of India's most valuable companies.

B. Rajasekaran, *Bangalore*

Losing Its Steam?

Stocks of Ambani brothers' promoted companies, that for too long were the unquestionable darlings of the market, have become the biggest sloths in recent times. One would probably sympathise with Mukesh Ambani, whose RIL stocks have reportedly seen orchestrated downgrading by some leading domestic and international brokerage houses based on the realisation that the KG Basin may not be able to pump out as much oil and gas as was originally expected. In the case of Anil, you have rightly mentioned that his resources are probably stretched too thin for investors to be thrilled about it.

Shashi Shekhar, *Bangalore*

A Guide for Managers

The BT 500 study is a fact base for investors, researchers, portfolio managers and corporate decision makers to interpret the fundamentals of top companies.

Neeraj Thakur, *Pune*

"The BT 500 study amplifies our scope to understand business models of India's top-listed firms"

Bee in the Bonnet

Honey Money (*BT*, October 31) was a visual treat. The photographs and accompanying narrative described the various processes in beekeeping in interesting detail and held out lessons that apiculture can be profitable if married to sound business fundamentals.

J.S. Broca, *Delhi*

Corrections

Configuring the UID (*BT*, October 31), erroneously mentioned the UID as being issued as a card. The Unique Identification Authority of India will not issue any card, but will write to every person who is allotted a unique identification number. This letter will have a tear-away portion with the number printed on it, for reference.

In *Eat, Drink, Expand* (*BT* Peoplebusiness, November 14), Jay Singh's company has been mentioned as GSM Corp. It is JSM Corp.

www.businesstoday.in/special *Baby You Can Drive My Car* (*BT*, November 14) brings an in-depth report on the promise and problems of burgeoning automotive demand.

www.businesstoday.in@coverstory: *The New GE Way* (*BT*, October 31) describes how GE's focus on greater localisation is making a big impact on Indian manufacturing.

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This year our annual BT 500 rankings chronicle the smart recovery of India Inc from the previous year's downturn. The market value of the BT 500 companies is up by 42 per cent; the 500 to 1,000 pack has made investors richer by 74 per cent, and the 50 PSU companies are more valuable by 23 per cent than a year ago.

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Shalini S. Dagar on why investment bankers and PE fund managers are showing greater interest in the health care sector.

» businesstoday.in/shalini

Kushan Mitra on the need for having more well-qualified home-grown managers to lead the growing ranks of our companies.

» businesstoday.in/kushan

Special Report–SMEs

Sizzling Hot

India's small and medium enterprises, or SMEs, keep our giant economy thrumming. SMEs account for 45 per cent of India's manufacturing output, 40 per cent of exports and employ 59 million people. The second BT-YES Bank SME survey picks out the winners from 64,000 entries this year.

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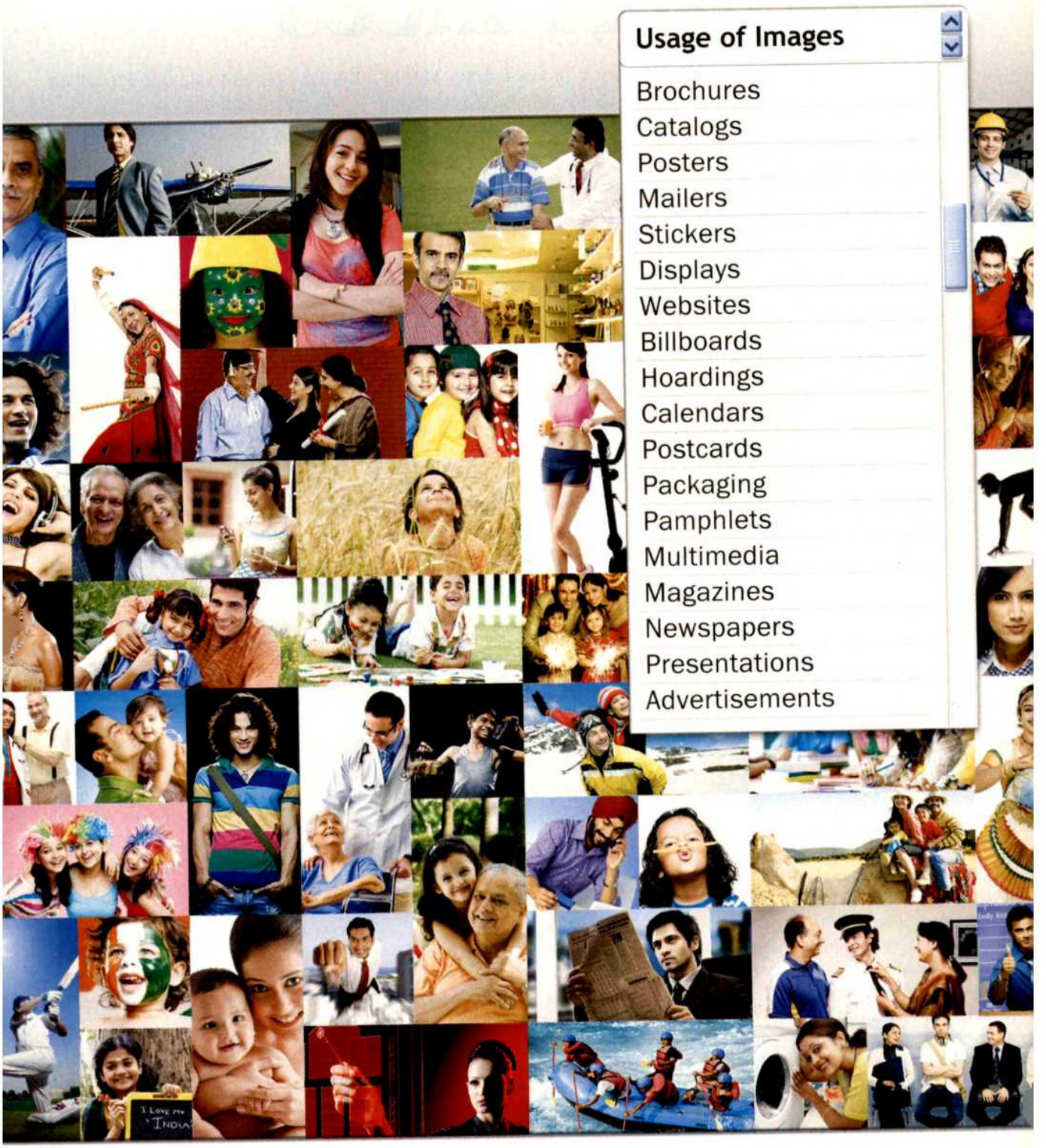

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Trading Places

Some $10 billion worth of export deals were sealed during President Barack Obama's visit but, for Indian industry, there was a bigger takeaway: Those greenbacks were not — as one Indian head honcho put it — handouts, but from a hand outstretched. India Inc's CEOs spell out the gains.

AFP

Anand Mahindra (right) and Ajay Piramal with Obama: Their companies are creating thousands of jobs in the US

Anand Mahindra, Vice Chairman and Managing Director, Mahindra & Mahindra

"A Chance to Brand Ourselves as Equals"

Indian companies should make an effort to create jobs in the US. We will have to live with the anti-outsourcing rhetoric. I see nothing wrong in Indian companies creating jobs in the US. The attitude prevailing in the US today on globalisation is a matter of great concern. This is a country that I grew up to know as one that was a champion for opening up of markets. It is up to the US businesses to drive home the message that protectionism is a bad thing.

Our own company has created 6,000 jobs in the US of which 3,500 are local hires. And it has not been a difficult task. Let us not lose this chance to brand ourselves as equals. I see this as a good business opportunity and India should grab it. We have reached a position whereby we can put in place a healthy agenda for negotiation and we also have to be clear that we have to give something (to gain something). After all, here is a President of a market that is not growing; who has come to India with a large business delegation; whose body language conveys the message that "I do need jobs being created, I do need investments."

Mahindra & Mahindra has a tie-up for its electric car Reva with the US-based Curtis Instruments, a New York-based company that supplies technology for electric vehicles ranging from forklifts to cars. M&M's business with Curtis will translate into supporting 350 jobs at its manufacturing facilities in Puerto Rico, plus engineering and management jobs in Mount Kisco, New York and on the West Coast of the United States. There are also hundreds of Curtis factory workers in China and Europe, so the benefits don't just go to its US workers. M&M will collaborate with the US and take advantage of beneficial technologies, such as electric cars, and will benefit from the US expertise in developing templates and business models, including new transportation models.

AS TOLD TO ANUSHA SUBRAMANIAN AND BRIAN CARVALHO

After all, here is a President of a market that is not growing; who has come to India with a large business delegation; whose body language conveys the message that "I do need jobs being created, I do need investments."

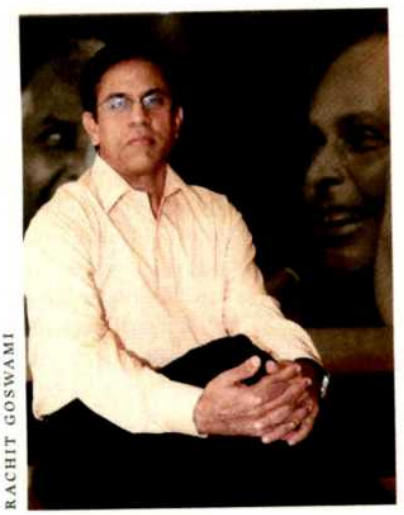
Swati Piramal, Director, Piramal Healthcare, and President, ASSOCHAM

"He Listened Carefully, was Warm and Engaging"

UMESH GOSWAMI

An e-mail arrived from Washington inviting my husband Ajay to meet with President Obama in a small group. He was interested in the idea of using high technology to find solutions for meeting the unmet needs of a vast number of people. A few years ago, my son Anand had seen the burden of disease in rural Rajasthan caused by fluorosis, which was due to contaminated drinking water. My daughter Nandini and her husband Peter now look after this project, which provides clean drinking water to thousands of people in five states. The project uses American technology and employs some very bright people — graduates of universities like Stanford and Harvard. In addition, at the Piramal Group we had taken over three Chapter 11 companies, saved around 700 jobs and turned them around to become profitable companies that manufactured and exported out of the United States — a success story of high-tech manufacturing. This was shared in the closed door meeting with President Obama in Mumbai. He listened carefully, was warm and engaging.

I was invited the next day to the private dinner hosted by Prime Minister Manmohan Singh for the President and Michelle Obama. 7 Race Course Road, the Prime Minister's residence, was resplendent with *diyas* and festive marigolds. Beautiful *rangolis* lined the pathway. A select gathering of around 60 people lined up to speak to the President and the First Lady. He spent a few minutes talking to each person. I told him how I hoped that innovation partnerships with companies (such as the Lilly and Merck partnerships that we had) would make affordable drugs for both our nations and reduce health-care costs. He said that was music to his ears. I also told Michelle that I was the first woman president of ASSOCHAM, the apex chamber of commerce, and that we were trying to do much more for women and children.



RACHIT GOSWAMI

Jayarama Chalasani, CEO, Reliance Power

"These are Long-term Strategic Partnerships"

Reliance Power has struck three deals with the United States. The first is a $750-million contract with General Electric for the supply of six Frame 9FA gas turbines and three steam turbines; the second is for the purchase of US mining equipment and services from Bucyrus International, Wisconsin, and other US vendors; these two projects support an estimated 6,110 jobs in the US. Reliance Power has also signed a memorandum of understanding with the US Exim Bank to provide up to $5 billion in financial support for the purchase of US goods and services to be used in the development of up to 8,000 MW of gas-fired electricity generating units and up to 900 megawatts of renewable (solar and wind) energy facilities.

Our trade and relationships with equipment supply companies are not only about the sale and purchase of goods. It is also about entering into long-term strategic partnerships that go beyond the sale. Our deals with GE and Bucyrus include support and services for the lifetime of the equipment, which is 15 to 20 years. The relationship with the US Exim Bank is also long term as the total duration of such financing can exceed 15 years.

AS TOLD TO ANUSHA SUBRAMANIAN

Adi Godrej, Chairman, Godrej Group

"Relaxing Dual-use Restrictions is Significant"

President Obama's address was a positive one and it is likely to take Indo-US economic interactions to new levels, be it in trade or investment. From his address, it was clear that there are opportunities for growth across sectors and like all companies, we too are likely to gain in business across sectors. I can't pick just one sector for which his visit will be positive in nature. I think we will get a lot more clarity about areas like dual-use technology and these will be of vital national importance (two days after Obama's address at the Mumbai summit, Washington reportedly announced that it would ease restrictions on export of technology for military purposes).

The importance of the visit can be gauged by the profile of the business delegates, including CEOs of *Fortune* 500 companies, who came along with the President. Also, the government side was represented by senior officials like US Commerce Secretary Gary Locke, who was very positive about the future of business (Locke is expected to lead a senior business delegation to India in February).

AS TOLD TO T.V.MAHALINGAM

Amit Mitra, Secretary General, FICCI

"Outsourcing is Actually Saving Jobs"

MONEY SHARMA

The core competence of the US lies in science and technology. The US has been denying 10 of the 16 types of technology that may involve dual-use applications. After the nuclear deal, the biggest event in the history of our relationship took place when Obama committed to radically restructure the export control regime with an eye to potentially lifting controls on high-tech areas. Whether it's about making vaccines or better monsoon predictions, this move will have a major impact on the common people.

The second interesting element is the change in track of President Obama from raising concerns against outsourcing to fielding for it now. According to a US Chamber of Commerce study, 74 per cent of the benefits of outsourcing go to the US companies. Outsourcing is actually savings jobs. In addition, Indian companies have created over 65,000 jobs in the US in the past two years via acquisitions and new projects.

AS TOLD TO MANU KAUSHIK

Prof. Sumit Ganguly,
Indiana University

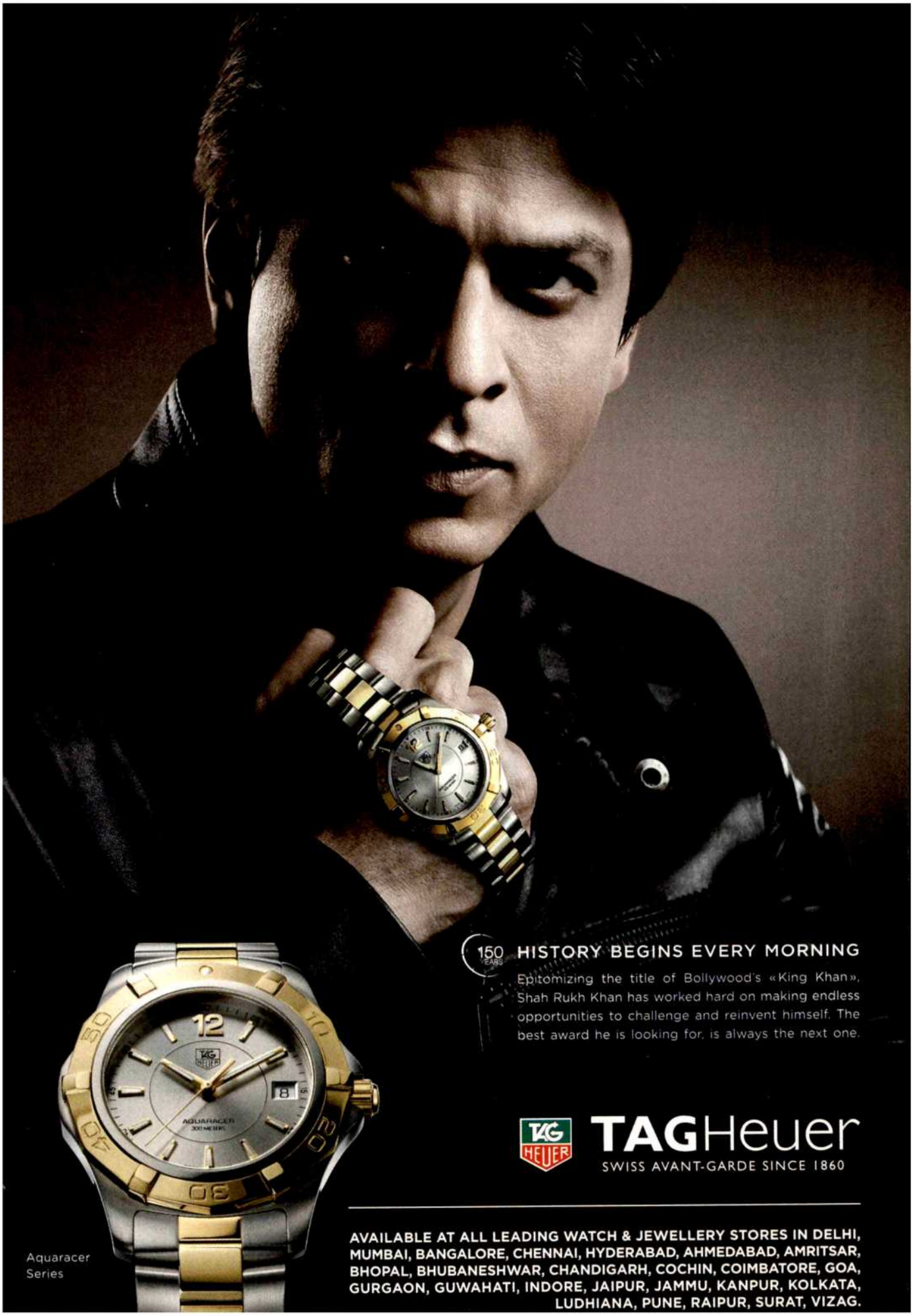
"Jobs Boost Good News"

SHEKHAR GHOSH

The sudden increase in Indo-US trade relations that is expected to follow President Obama's announcements will have a big impact on Indo-US political relations. It is bound to — the business deals create an important constituency for India in the US because of all the jobs involved there. As these deals come to fruition, the US-India Business Council, for example, will be able to become an even more important advocate for India.

These business deals will also affect the way the US sees India's role in Iran and Afghanistan. Business deals are related in many ways to the trade relationships. Look at the way the US deals with China. The US is the biggest debtor nation— China holds over $1 trillion of US bonds. So the US has to tiptoe about when it comes to the relationship with China. In the end, the US will have to make concessions about India's position in those countries. Even if it does not make concessions, it will have to adjust to the reality of India's relationship with Iran and Afghanistan.

AS TOLD TO SOMNATH DASGUPTA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Lean on Me

The US economy needs India more than ever, says CHAITANYA KALBAG

Barack Obama had barely walked out of Parliament's Central Hall when the debate began on whether his India visit was "transactional" or "strategic". It was neither. Obama, accompanied by an unusually large contingent of CEOs, many of them small and medium businessmen, was in search of jobs.

Yes, the $10 billion of purchasing deals announced during the US President's visit will theoretically create 54,000 jobs, which is less than one-third of the total private sector jobs added in the United States in October, and unemployment is stuck at 9.6 per cent. You could see the dollar signs shining in the eyes of the US delegation. The $10 billion was only the icing. The cake was the mammoth Indian market.

"In 20 years, 68 cities in India are expected to surpass one million inhabitants, and the aggregate annual income of households in urban areas is expected to grow from about $700 billion today to almost $4 trillion by 2030," US Commerce Secretary Gary Locke told a business summit in Mumbai on November 6.

AFP

Besides C-17 transport aircraft and giant gas turbines, there are other large deals hanging fire, chiefly transport and attack helicopters, the latest-generation fighter jets where the Eurofighter consortium is apparently favoured to beat out US, French and Russian competition, and most importantly, equipment for India's nuclear energy programme which is stymied by nuclear-liability legislation that US companies believe is untenable.

Outside those big-ticket deals, the US will also be looking to work alongside India on its "Evergreen Revolution". US corporations hope to make inroads on genetically-modified crops, wind energy, water-management equipment, and other "green" technology. Then there is retail, transportation, and automobiles.

Despite much talk of "a relationship of equals", however, the numbers tell a very unequal tale. Two-way trade is not growing as fast as it should, although Locke said US exports to India so far this year have jumped 18 per cent. Locke also noted that Indian FDI in the United States totalled $4.4 billion in 2009.

What the joint statement by Obama and Prime Minister Manmohan Singh glossed over was that two-way trade slipped in 2009-10 to $36.9 billion from $39.7 billion a year earlier, and that India's trade with the United States comprised only 7.8 per cent of its total overseas trade. In reverse, too, India ranks only 19th among America's trade partners, and China is No.1. Total US trade with China in January-August this year totalled $285 billion, and with India $32 billion. In the same period, Washington ran a trade deficit of $7 billion with India, compared with a deficit of $173.4 billion with China.

The lifting of dual-use technology export restrictions will lead to some business, but represents more a reprieve from punishment than a gesture towards a favoured partner.

Inevitably, the momentum from Obama's trip will carry on into next year. An India-US Higher Education Summit is planned in 2011, with a growing queue of American universities waiting to venture into India's booming education market. Locke plans to lead a high-technology trade mission to India in February in search of "mutually beneficial opportunities".

As more than one canny Indian business leader noticed, Obama was visiting immediately after US voters gave him a resounding C grade on his economic report card in the mid-term election. The average American businessman does not care about the war in Afghanistan, terrorism, or a permanent seat for India on the UN Security Council. The US economy has not changed in its borrow-and-spend profligacy. Alongside the relentless impoverishment of the American middle class looms the longest post-recession jobless recovery in US history. The White House is squirming in the Chinese vise of over a trillion dollars of US government debt and a mercilessly climbing trade deficit. Europe is not moving quickly enough towards recovery. To add to Obama's discomfiture, Republican control of the House of Representatives means legislative gridlock in Washington and the very distinct possibility that he will be a one-term president.

"There still exists a caricature of India as a land of call centres and back offices that cost American jobs," Obama said. "But these old stereotypes, these old concerns ignore today's reality." The reality is that India is raring to do business with America, all the while dragging along non-tariff barriers, protectionism, legislative inaction, and poor infrastructure. India represents hope for a beleaguered presidency and a sclerotic economy. ◆

FOCUS

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ILLUSTRATIONS BY KAPIL

Ahead of the Pack

Corporate India has done better than its counterparts elsewhere and the economy is humming again, argues Nandan Chakraborty.

Diwali is the festival of lights, and the equity markets certainly seem to be in a festive mood. Global investors continue to pour money into the emerging markets, and India in particular. This year, foreign institutional investors, or FIIs, have already poured in $25 billion, the highest ever. The Coal India issue reaffirmed the faith in India as FIIs scrambled to get an allocation. And if the US Fed has its way, this Diwali may last much beyond November 5 as billions of additional dollars, by way of quantitative easing, will again chase out-performance in markets like India.

The Sensex is close to its peak and one of the key reasons is the upbeat performance of India Inc in this earnings season. In

19%

is the topline growth of India Inc in Q2 at the time of going to press

fact, corporate India has done much better than its counterparts in most parts of the globe, where earnings fell sharply in 2009 and are showing a tepid recovery only now. India Inc.'s earnings growth, which was flat in 2009, has spurted to a new high.

It could possibly slow down in the coming quarters because of headwinds such as rising costs, but pricing power is likely to be better and may be a source of upside surprises. The main market risk now will be from a sustained rise in crude oil prices.

Consumer discretionary demand has shown a sharp spurt in India. For example, passenger vehicle sales grew 33 per cent year-on-year (YoY) in the second quarter, higher than the growth reported during the first quarter and the year ended March 2010. While investors continue to watch expectantly for signs of continuation of the traditional consumer-led cyclical rebound, we think that a pick-up in business spending instead will be the key over the coming quarters. Thus, it is not consumer spending but corporate spending that will propel stronger growth. This, in turn, will create opportunities for companies operating in the consumer as well as industrial and capital goods sectors.

Let us now look at some interesting trends across sectors.

FMCG companies reported mixed volume growth trend across the categories. Extended monsoons, floods, high food inflation and communal tensions (Ayodhya verdict) resulted in lower offtake in mass market, high-penetration categories like soaps and shampoos. However, the secular growth trend remains intact. Lower food inflation and rural demand will aid growth in the second half.

ANALYST'S TAKE

- India Inc's earnings growth, which was flat in 2009, has touched a new high
- Consumer discretionary demand has shown a sharp spurt in India
- The main market risk now is a sustained rise in crude oil prices
- The improved business climate will strengthen the capex cycle
- Pick-up in business spending will be the key over the coming quarters
- Policymakers must avert overheating and prevent formation of asset bubbles

For IT companies, volume momentum was maintained as billing rates stabilised. Headwinds included the rupee appreciation, salary hikes and increased marketing investments. Volumes are expected to be steady, while deal signings are likely to improve. But profitability could be hit by currency appreciation and higher attrition for select players.

Most banks saw their margins widen, supported by lower growth in their deposit base and redeployment of resources. Credit growth was strong for most players but dominated by large infrastructure loans. The improving business environment would mean that the infrastructure credit growth for banks would remain strong over the next few quarters despite interest rates hardening.

During the second quarter, the profits of cement companies were under severe pressure following a sharp correction in prices caused by overcapacity. The demand growth this year was also subdued at five per cent. However, we expect demand growth to touch double digits from October when construction activity will pick up.

This, along with a series of price increases, particularly in south India, should improve industry profitability considerably. Increased government spending and the pick-up in the infrastructure cycle augurs well for cement offtake.

The key challenge for policymakers now will be to avoid overheating and prevent formation of asset bubbles, especially given the fact that the developed world will continue taking more stimulus measures.

Yet, at the same time, policymakers will have to ensure that the move from consumption to infrastructure creation happens smoothly. So the trick will lie in the tightrope walk of keeping inflationary pressures at bay without disrupting growth.

The author is Managing Director for Institutional Equity Research at Enam Securities

WORDSMITH
(NEW WORDS IN BUSINESS)

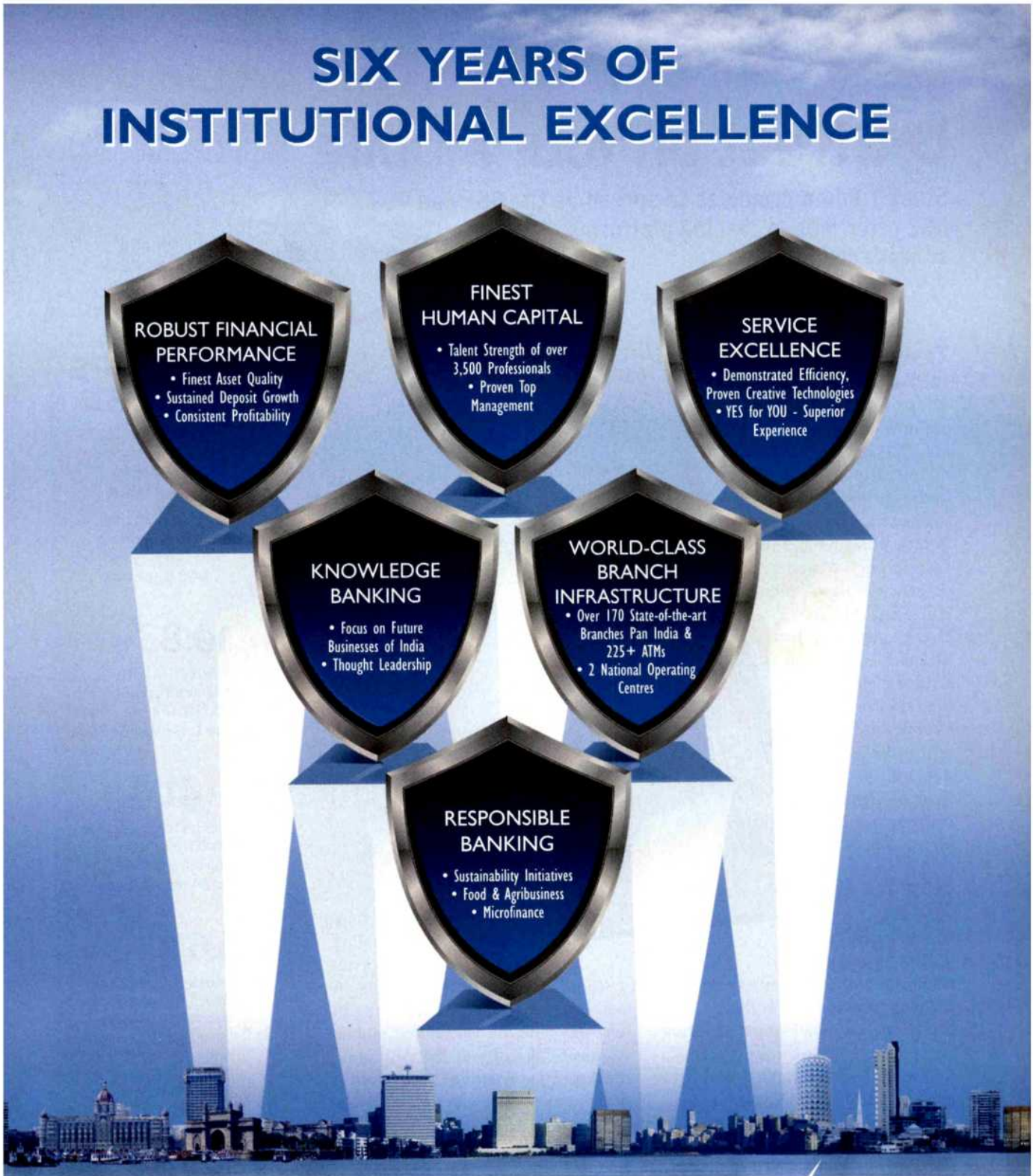
Curbstoning

(Kerb-stone-ing)

What it means:
Conducting a streetside business without an appropriate licence, especially in the auto business.

Origin: In recent times, curbstoning has spread to the net, particularly in the US, with unauthorised dealers selling cars on e-commerce sites, thereby evading taxes.

Usage: The problem with buying a used car from a curbstone dealer is that if something goes wrong with the vehicle, there is nobody you can hold accountable.



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D-Street on Your Mobile

Stock trading promises to spread as the BSE and NSE offer mobile trading platforms.

BY ANAND ADHIKARI

Trade on Your Handset

All the leading broking houses are now offering mobile trading platforms. Asia's oldest bourse, the Bombay Stock Exchange (BSE), was the first stock exchange to offer this facility, in September this year, through its network of stockbrokers. The National Stock Exchange (NSE), too, has kicked off its mobile trading platform. Sharekhan, Motilal Oswal, ICICI Direct and IndiaInfoline are among the host of brokerages offering this service.

How It Works

It is an extension of the Internet-based trading platform — from a desktop or a laptop to a mobile handset. A user just has to download a customised application from a stockbroker's portal to his mobile to start trading on the BSE and the NSE. The trading application is customised for a mobile screen. You can see your orders, demat balance and also prices of stocks live on your mobile screen.

What It Costs the Investors

There are no separate charges for downloading an application on the phone. But investors need a Java-enabled phone with a GPRS connection or a smartphone to run the application. The subscription charges for GPRS are as low as Rs 199 a month, which a mobile user has to pay to the mobile service provider. Investors without a trading account have to open a three-in-one account (demat, broking and a bank a/c) with a broking house where they have to pay the normal account opening charges.

The Road Ahead

The exchanges are hoping that a mobile trading platform will drive the penetration of the equity markets in smaller towns and cities. There are already close to 700 million mobile connections in India, but only nine million demat accounts. With 3G services around the corner, trading through your mobile will become faster and more convenient.

Global Experience

Mobile trading is a new phenomenon globally. Analysts feel that mobile trading will become popular gradually, just like Internet trading took off in the 1990s. There seems to be a potentially big market in India, given its low mobile charges and relative underpenetration of PCs.

NUMBERS OF NOTE

50,000
The number of people TCS plans to hire in 2010-11. Infosys will add 40,000 employees.

10.83%
The drop in Tech Mahindra's profits, to Rs 150.67 crore, largely due to Satyam's losses.

Rs 41.4 CR
Wipro's forex losses in the third quarter against a gain of Rs 24 crore a year ago.

1.6%
The decline in HCL Tech's net income quarter on quarter, because of increased wage costs and a rise in selling, general and administrative expenses.

500
The seats at Patni's new IT outsourcing centre in Suzhou, China.

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This issue we review three products, they all just happen to be iPods

Fresh Apples

Apple gives the iPod range a makeover and an intriguing possibility emerges.

At the outset, let me say that I am one of the few reviewers who will actually miss the third-generation **iPod Shuffle**. Replacing the earpieces on the product, though, was expensive and necessary as the controls were in the earpiece and could get damaged by excessive perspiration. So presumably to get out of a sticky situation, Apple changed the form-factor.

That is not saying the new iPod Shuffle is bad. As far as small, screenless digital music players go, it is still the best. The form-factor is not quite like the second generation, instead it is more square, and it also incorporates the "voice-over" feature from the last Shuffle. Much like the last Shuffle, the voice-over is good for comedy value when trying to read Indian track names and artists, but very useful on English tracks. And while the 2GB player is not cheap, as you can buy products from other brands for a lot less, it is the best.

While the Shuffle regains physical keys, the new **iPod Nano** loses them. It also loses its scrollwheel, slim shape, camera, microphone and video-playback ability. What it gains is a multi-touch screen with 240x240 pixel resolution. While the touch screen is a nice addition, the scrollwheel is sorely missed.

The new Nano is only a 'bit' bigger than the Shuffle in terms of physical size; albeit with four times the storage capacity (2,000 songs) and three times the price. Now, does this signify a 'size' gap in Apple's iPod line-up? And will they launch a new iPod to take advantage of the gap? The camera and microphone on the previous generation Nano were an interesting feature, so could an iPod Touch Mini come about sometime soon?

Lastly, there is the new fourth-generation **iPod Touch**. Here, unlike the previous two iPods, there is no palpable change in the physical dimensions. There are some changes, such as a forward-facing camera, for Apple's Facetime video-calling service over a wireless Internet connection. And then, there is the super-high resolution 'Retina' display, which looks absolutely brilliant. The iPod Touch continues to be the best digital music player in the market. It is also still a horribly expensive piece of hardware.

KUSHAN MITRA

iPod Shuffle 4th-generation 2GB

- The return of physical keys, voice-over ability remains
- Voice-over on Indian songs, small storage

Price: Rs 3,200

iPod Nano 6th-generation 8GB/16GB

- Multi-touch screen, smaller dimensions
- Loss of scrollwheel, video-playback, camera and microphone

Price: Rs 10,700 (8GB)
Rs 12,700 (16GB)

iPod Touch 4th-generation 16GB/ 32GB/64GB

- Forward-facing camera for Videocalls, Retina Display, Apple A4 processor
- Expensive

Price: Rs 15,400 (16GB)
Rs 19,900 (32GB)
Rs 25,900 (64GB)

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Deal Watch

BIGGEST DEALS IN THE PAST 30 DAYS*

Vinod Ramnani: CMD of Opto Circuits

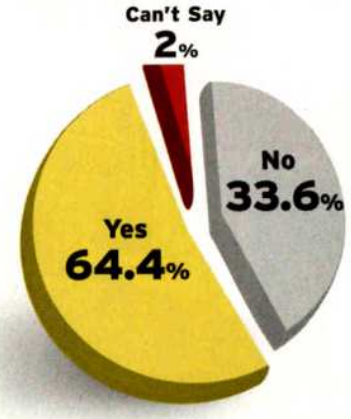
Opto Circuits (India), a manufacturer of patient monitoring systems, is set to buy out the US-based Cardiac Science Corporation in an all-cash, $54.8 million deal. Through this deal, Opto Circuits is expected to expand its presence in the non-invasive diagnostic monitoring sector and enter the high-growth automated external defibrillation market.

IVRCL Assets & Holdings, an infrastructure development company, has raised Rs 150 crore through the preferential allotment of 1.16 crore equity shares at Rs 129 each to Ascent India Fund III, a private equity fund. It intends to use the proceeds to fund various projects that are currently in different stages of development and construction.

TARGET	ACQUIRER	INDUSTRY	TYPE	DEAL VALUE RS (CR)	STAKE (%)
WMI Cranes	Konecranes	Industrial products	Acquisition	360	100
Cardiac Science Corporation	Opto Circuits (India)	Health care	Acquisition	243	100
Avantha Power & Infrastructure	Kohlberg Kravis & Roberts	Infrastructure	Private equity	217	9
SE Forge	Suzlon Energy	Industrial products	Acquisition	186	17
IVRCL Assets & Holdings	Ascent Capital	Real estate, hospitality and construction	Private equity	150	NA
Thriveni Earthmovers	Samara Capital	Metals & mining	Private equity	150	NA
Swarna Tollway	IJMII (Mauritius)	Infrastructure	Acquisition	95	28
Auro Mira Energy	Aureos South Asia Fund, IFC, ePlanet Ventures	Infrastructure	Private equity	95	NA
JMC Projects (India)	Kalpataru Power Transmission	Real estate, hospitality and construction	Acquisition	90	NA

Ernst & Young is a leading M&A advisor in India. The data is based on media reports and company announcements. Any decision on the basis of this information should be taken only after professional advice. *Business Today* or E&Y do not undertake any responsibility with regard to any such decision. * September 28, 2010 to October 25, 2010. Not a complete list.

Has the Indian Premier League brand equity been dealt an irreversible blow by the recent controversies?



Results of BT Online poll; No. of respondents: 193

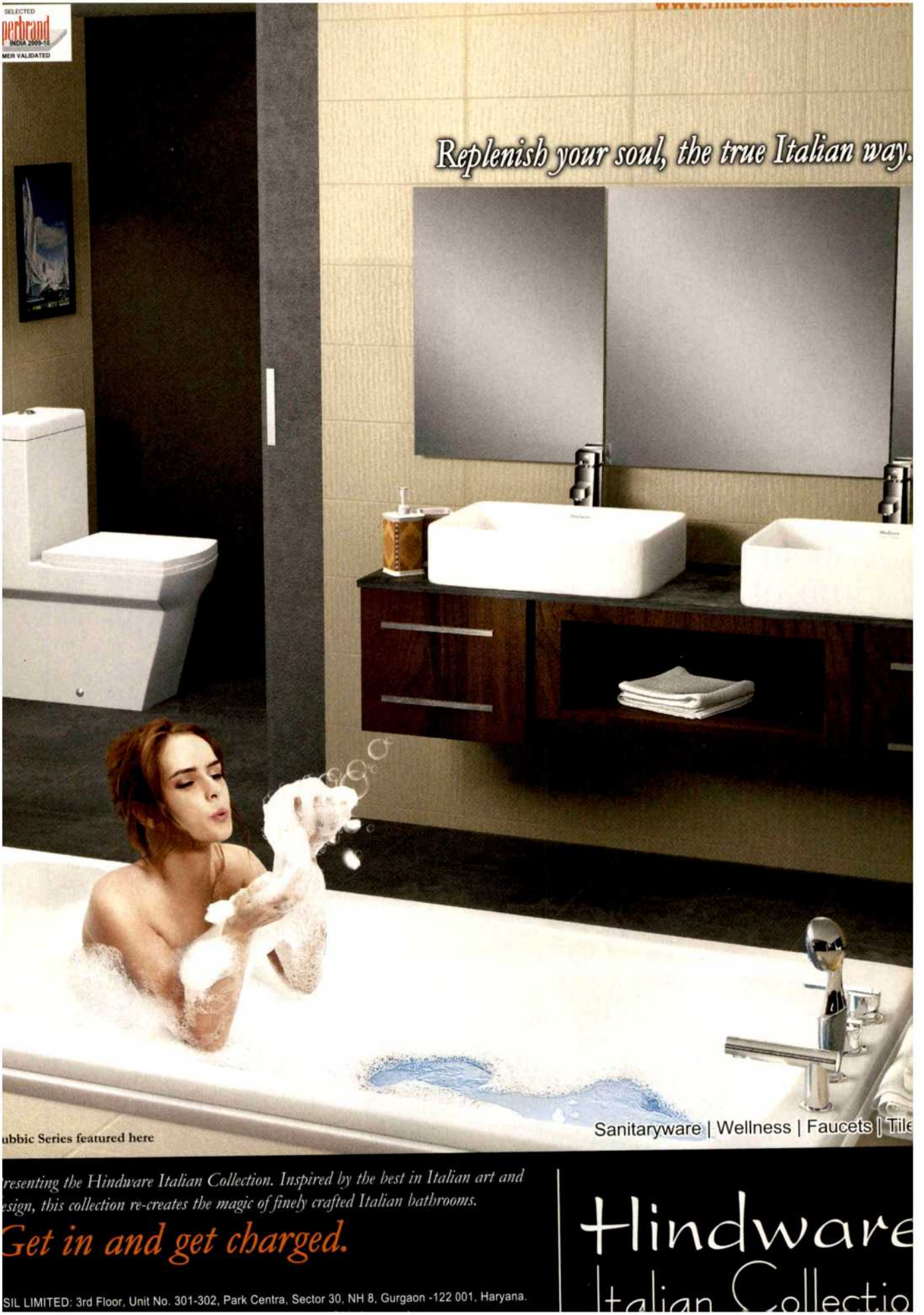
The majority feels that the IPL's brand value will be impacted over the long term by the recent spate of controversies.

The IPL brand value was estimated to have doubled in 2010 to $4.13 billion, just before the third edition of the tournament, according to Brand Finance, a brand valuation consultancy firm. But since then, the brand IPL creator, Lalit Modi, has been shown the door for alleged underhand dealings. Two popular teams, Rajasthan Royals and Kings XI Punjab, have been expelled. The IPL brand has undoubtedly taken a hit.

The Board of Control for Cricket in India will now have to rebuild the brand equity of the tournament by ensuring that the coming editions are well organised. Most importantly, all financial deals will have to be transparent and above board.

Next poll question:
Should the Food Security Act cover the entire population?

www.businesstoday.in to cast your vote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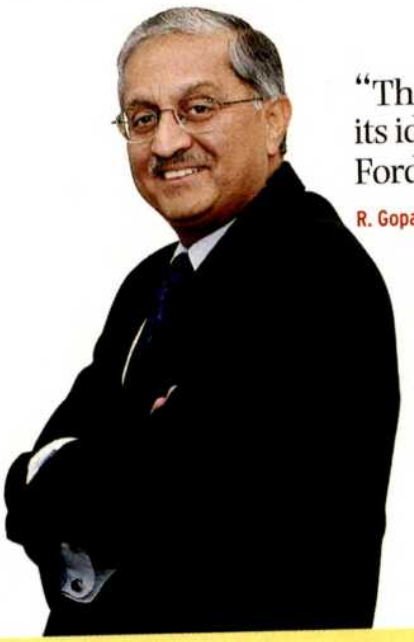


"The promise of a truly global brand is to be consistent with its ideals and purpose. Great global companies such as GM, Ford or Philips had a very constant and consistent purpose."

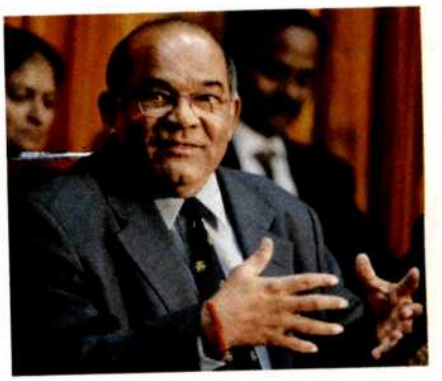
R. Gopalakrishnan, *Executive Director, Tata Sons, in* The Economic Times

"The Indian car market is one of the toughest in the world. Customers and car owners are very cost-conscious."

Hiroshi Nakagawa, *Managing Director, Toyota Kirloskar Motor, in* Business Standard

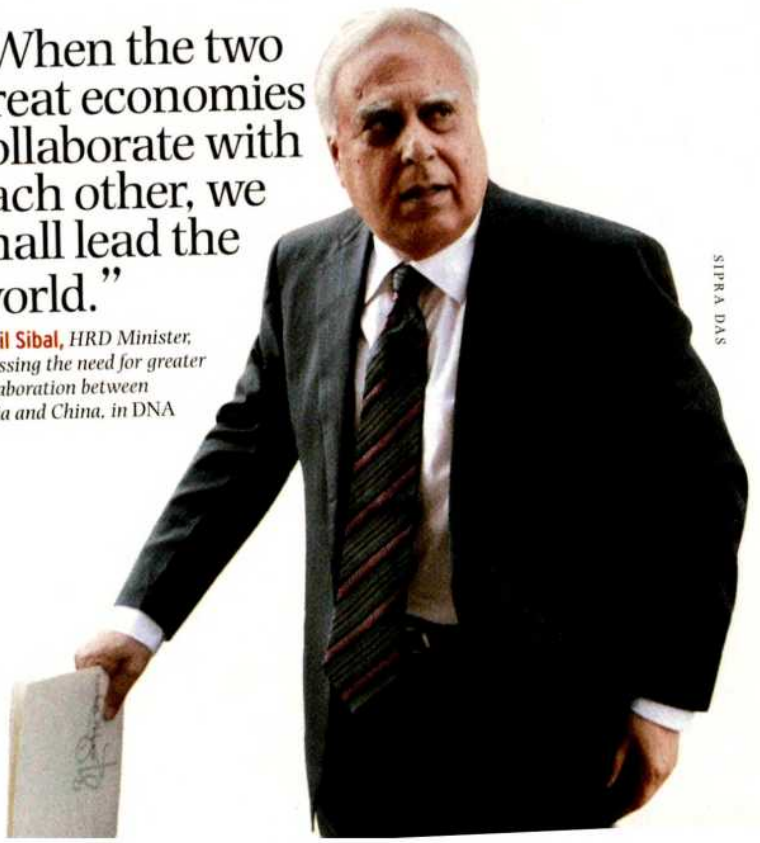
"What I really like about Indian films is their mix of romance, tragedy and comedy. All in one."

Oliver Stone, *Hollywood director and three-time Academy Award winner, at the 12th Mumbai Film Festival*



"When the two great economies collaborate with each other, we shall lead the world."

Kapil Sibal, *HRD Minister, stressing the need for greater collaboration between India and China, in* DNA



SIPRA DAS

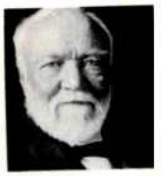
"Liquidity is coming to countries where inflation is very high. There is already a bubble building up and, therefore, something has to be done."

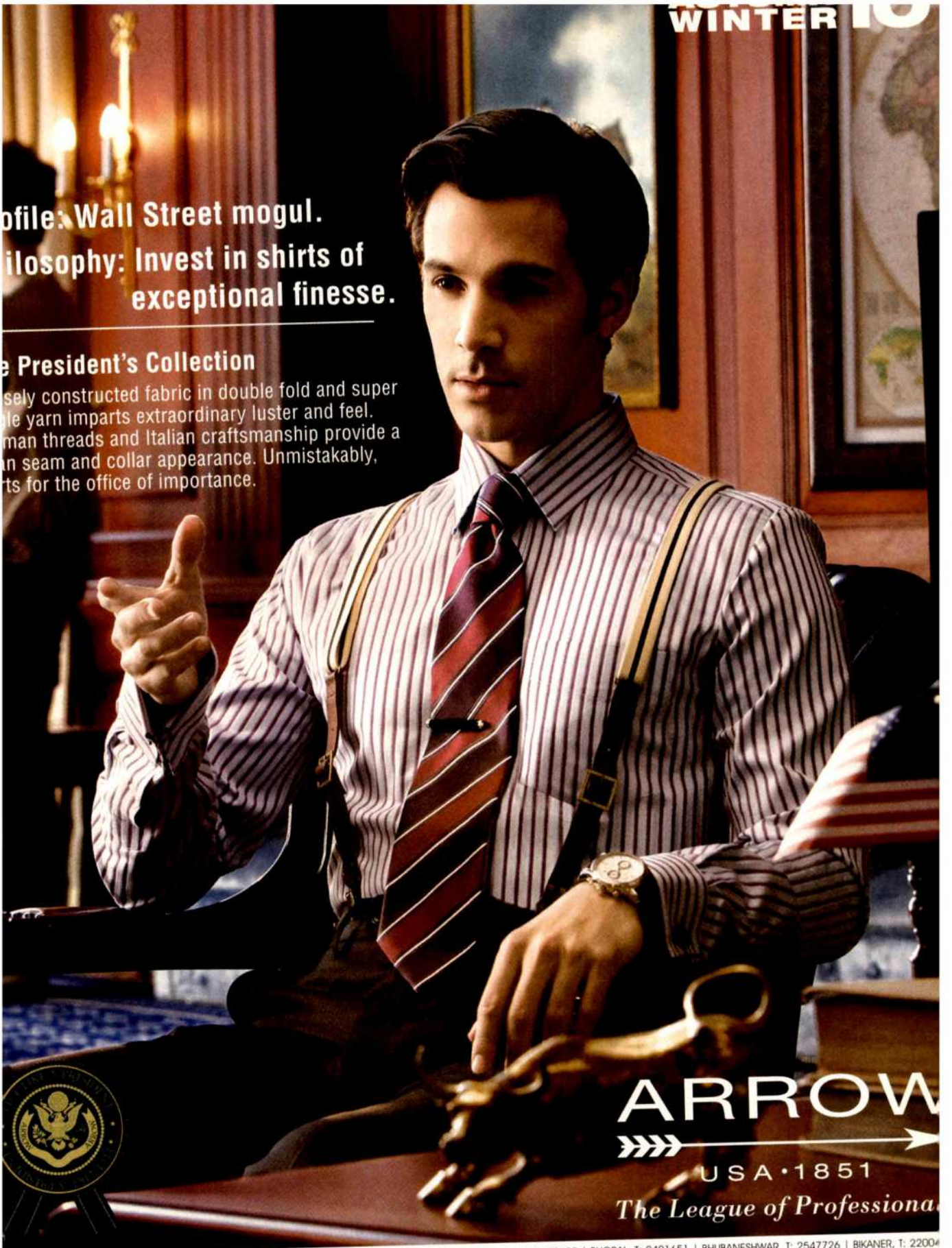
Y.V. Reddy, *Former Governor of Reserve Bank of India, on the need to control capital inflows into India, in* Mint

CLASSIC BUSINESS QUOTE

"I believe the true road to pre-eminent success in any line is to make yourself master in that line."

Andrew Carnegie





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[V] Can Do It

STAR TV's music network stages a spectacular recovery in 2010. BY ANUMEHA CHATURVEDI

First a flashback. For much of the last decade, STAR TV's music network Channel [V] seemed to be hitting all the wrong notes. Bruised and battered by the growing competition, the channel was groping for direction at the bottom of the heap.

And then it went in for a makeover in September 2009. Fresh programming, fresh faces as VJs and a new punchline, "Bloody cool". Its rivals remained cool, not turning a hair, aware of the difficult task ahead for the channel. But a year down the line, quietly, and almost unnoticed, [V] has surged back into the reckoning. Its ratings have gradually improved in 2010. In September, it actually edged past Viacom 18's MTV.

At the heart of its success, asserts the channel, is its revamped programming and content. The channel undertook a comprehensive survey covering 22 cities to better understand its target audience — the 15 to 24 age group. "The research did a deep dive into various aspects of a typical youngster's life," says Prem Kamath, Executive VP and General Manager, Channel [V]. The channel launched 24 youth-centric shows, such as *Dare to Date*, *Lovenet* and *Truth-Love-Cash* on dating and romance. Most of these shows have enjoyed high ratings and are now being brought back for a second season. "We have attempted to transform from a 'music-only channel' to a holistic youth entertainment channel. From a channel that showed music videos 95 per cent of the time, we have brought it down to just 20 per cent now," says Kamath.

Rival MTV acknowledges Channel [V]'s turnaround story, but points out that [V] has gone down the road already taken by MTV earlier. "They have also gone down the non-music route and have interesting shows and content which are working for them," says Aditya Swamy, Head, MTV India. The changed programming by [V] also gets a thumbs up from Amin Lakhani, Principal Partner at Mindshare Fulcrum, a media investment and management group. "The channel has invested in content, the distribution system is in place, and there is a healthy balance of music and other shows," says Lakhani.

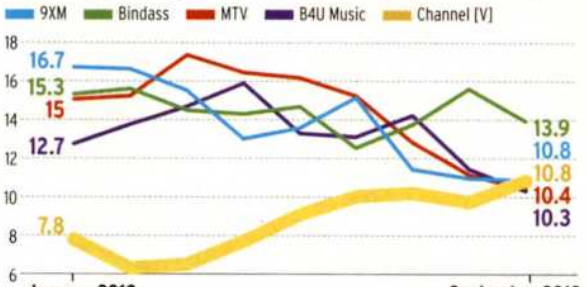
The channel is now moving beyond television to make the brand more visible. It has tied up with premium hair salon Juice to launch Juice Lite in the metros, which is a pocket-friendly version of Juice salons for the youth. It will also launch a chain of V Cafes by January 2011 in New Delhi. MTV seems to be unperturbed by [V]'s new-found aggression. "We have moved beyond TV and music, and we operate and connect with our audience through TV, web, mobiles and cinema. We are not just competing with channels, but all brands that connect with the youth," says Swamy. Agrees Lakhani: "MTV is a stronger youth brand."

Channel [V] still has a lot of catching up to do with MTV. But, for the moment, it seems to be on the right track.

Rising star: Channel [V]'s VJ Andy

Changing Fortunes

Channel [V] ratings have been trending upwards this year



Rating: Hindi Speaking Mkt TG: CS 15+ yrs Source: TAM Peoplemeter System

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A Wake-up Call

The world's largest democracy and an emerging economic superpower — the India Shining story has captivated the world. And yet, the truth is that the Indian state has an abysmal record on vital human development parameters, as a recent report by the United Nations Development Programme (UNDP) finds.

The Report Card

Rank 2010	Rank 2005		HDI Score
1	1	NORWAY	0.938
4	4	US	0.902
65	68	RUSSIA	0.719
73	73	BRAZIL	0.699
89	98	CHINA	0.663
119	120	INDIA	0.519

The gap in human development between India and the developed world, or even the other BRIC* countries, remains significant. This explains India's ranking of 119, based on the UNDP's Human Development Index (HDI). Its rank has remained virtually unchanged for the last five years.

*Brazil, Russia, India, and China

Gross National Income Per Capita ($)

Mean Years of Schooling

5 STEPS TO HERE

TATA MOTORS BACK IN THE BLACK

1

March 2008
Tata Motors buys Jaguar Land Rover (JLR) for $2.3 billion.

2

October 2008
Tata Motors goes for a Rs 2,000 crore DVR issue. It is heavily undersubscribed.

Population in Multidimensional Poverty (%)

Life Expectancy at Birth (Years)

NORWAY 81 | US 79.6 | CHINA 73.5 | BRAZIL 72.9 | RUSSIA 67.2 | INDIA 64.4

Expenditure on Health (per capita in $)

BT Retro
(BT June 6, 2004)

Riding the Dragon

THEN: In January 1999, when Venugopal Dhoot of consumer durables major Videocon International went on a reconnaissance trip to Shanghai, he was floored by what was on offer: The provincial government was willing to lend 100 per cent of the cost of Videocon's proposed Internet TV plant-cum R&D centre; the land was being offered at a concessional rate; turnaround time for ships at the Shanghai port was much shorter, compared to 16 hours in India; power cost a bare four cents a unit, a third of India's; highly-skilled design engineers were available for as little as Rs 5 lakh a year, a tenth of what they cost in India; moreover, Videocon could also tap the booming Chinese market by paying a value-added tax of just seven per cent.

Losing no time, Dhoot set up Videocon International in February 2001 to produce Internet TVs. Last year, it churned out 80,000 Internet TVs. This year it will produce a quarter more. Says Dhoot, Managing Director of Videocon International: "The China proposition is simply irresistible." India Inc. could not agree more. Since the late '90s, when Indian companies took serious note of the Middle Kingdom, fear of China has gradually been replaced by a sense of opportunity. Now that the expected decimation of Indian manufacturing by aggressive, low-cost Chinese manufacturers has not happened, Indian companies have suddenly realised that it makes a lot of sense to set up manufacturing units in China to take advantage of the country's low costs and superior infrastructure.

NOW: Contrary to what was expected, Indian companies have not made a beeline for China, as the cost of doing business in China has increased significantly during the past decade, thanks to its economic boom.

3

June 2009
Tata Motors posts a loss of Rs 2,505 crore for 2008-09, dragged down by a net loss of £281 million at JLR.

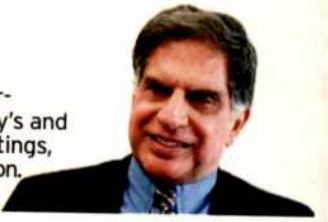
4

September 2010
JLR's September sales grow by 16 per cent to 19,528 units.

5

October 2010
Tata Motors share issue over-subscribed 3.4 times. Moody's and S&P upgrade Tata Motors ratings, citing stability of JLR acquisition.

T.V. MAHALINGAM



HOW THINGS WORK

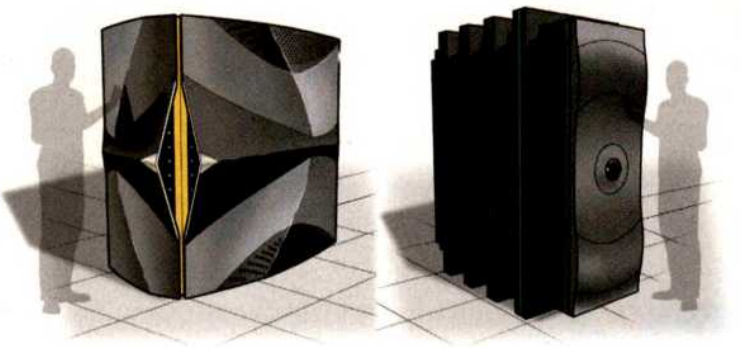
Supercomputers

It is official. The Chinese have the fastest supercomputer in the world. At 2.507 petaflops, Tianhe-1A has 1.4 times the horsepower of Cray's XT5 Jaguar, its nearest rival. Just for the record, a flop is 1,000 trillion operations per second.

So, how does a supercomputer manage this? There are two kinds of supercomputers — vectors and parallels. Vectors use an ultra-fast data pipeline to move data to a central processor. Parallel computers use multiple processors, each with its own memory bank, to split up tasks. In the 1980s, when the United States refused to sell a Cray to India, we built Param, a parallel processor that was twice as fast.

A vector computer can be compared to one person trying to solve a series of dozen algebraic equations in consecutive order while a parallel computer is akin to a dozen people each solving one equation. Vectors were the earliest supercomputers. A new breed of machines called parallel vectors uses both architectures together.

Supercomputers occupy a tremendous amount of space and guzzle electricity. The Tianhe-1A, for example, has 103 computer racks that occupy over 17,000 sq.ft., and consume 4.04 MW of electricity.



JUST WONDERING

A King's Memorial

Almost a year ago, most political parties in Maharashtra were trying hard to appeal to the local electorate. Read *Marathi Manoos*. Even as the Maharashtra Navnirman Sena and Shiv Sena took to the streets beating up taxi drivers and blaming the immigrant population for all the ills facing the city, including epidemics, the Congress declared that it would build a memorial for the Maratha king Shivaji. The location: in the Arabian Sea, one km off the coast. At a cost of Rs 300 crore to the state exchequer, the proposed memorial would house a museum and a humungous statue of the 17th century ruler. The state had plans to reclaim land and make it a tourist venue — an idea that even Shiv Sena chief Bal Thackeray described as utter "stupidity". An election and a year later, nothing has happened on the memorial front.

COMPILED BY T.V. MAHALINGAM

Quirky

The Naked Truth

A great voice, sleek dance moves, camera presence, rippling biceps, silicone implants or incredible fatness were some of the things that were needed to become famous in the world of reality television. Not any more. A new show, rather suitably titled "The Naked Truth", is casting for reality stars even as you are reading this. All you need to do is to drop your pants, get rid of your shirt and every other piece of clothing and get in front of a camera. The show is likely to be shot in a nudist resort in Florida and participants have been assured that their private parts will be blurred. That might leave some wondering what the point is of having such a show at all. Indian viewers, on the other hand, might hope that the producers of reality show *Bigg Boss* are inspired by *The Naked Truth*.

Snoot Corner

Foie Gras

Foie gras literally means "fat liver" in French. The French are the biggest producers and consumers of foie gras, which is made from the enlarged liver of a duck or a goose. Like most things French, there are elaborate laws to preserve the culinary heritage of foie gras. French laws mandate that foie gras should be made by force-feeding the birds with corn. Naturally, this is one dish that PETA activists abhor. Hungary, Bulgaria, the United States and China are the other countries that produce foie gras. The delicacy works well with wine, especially white wine. The French place a premium on the dish which is consumed on occasions like Christmas.

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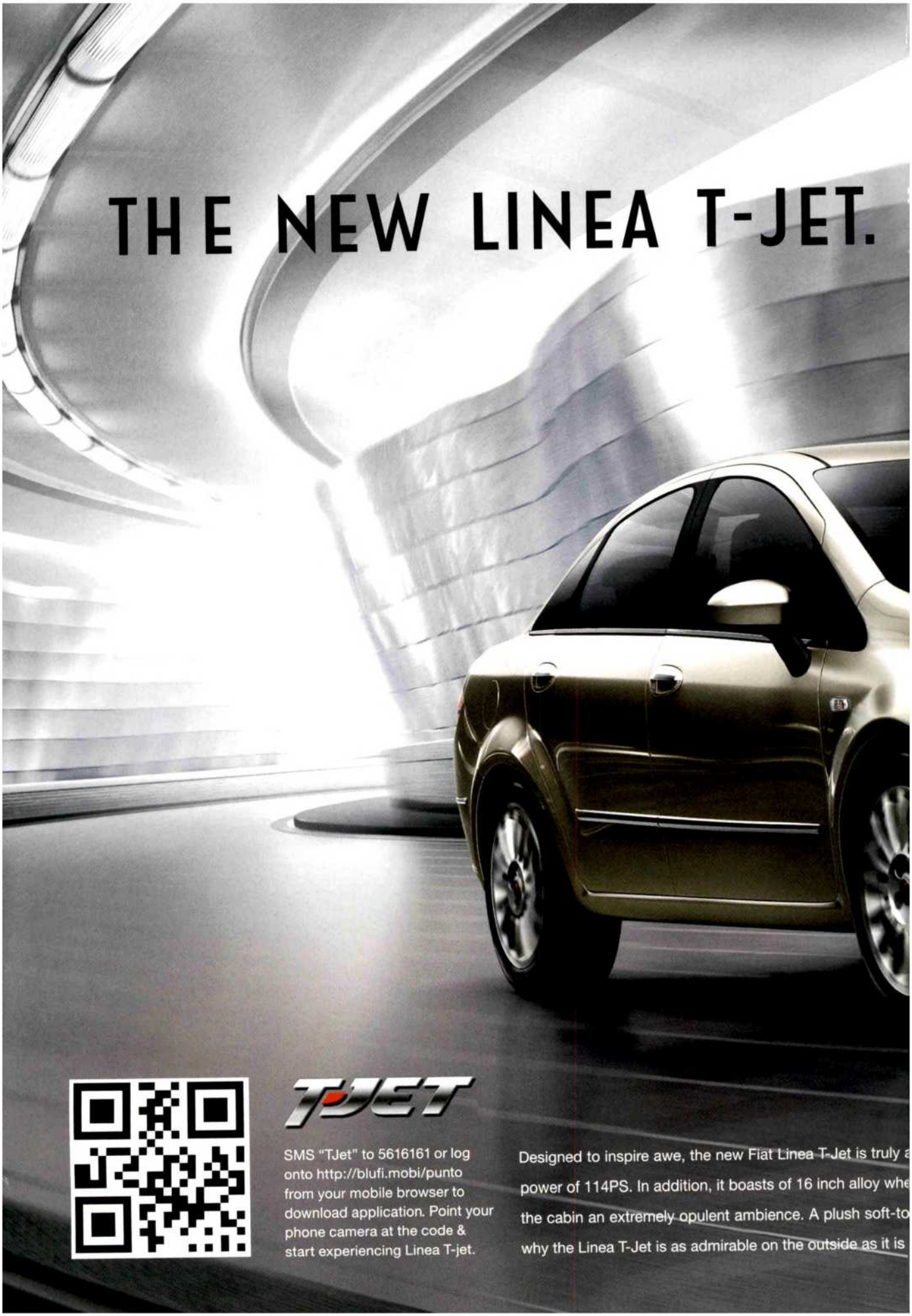
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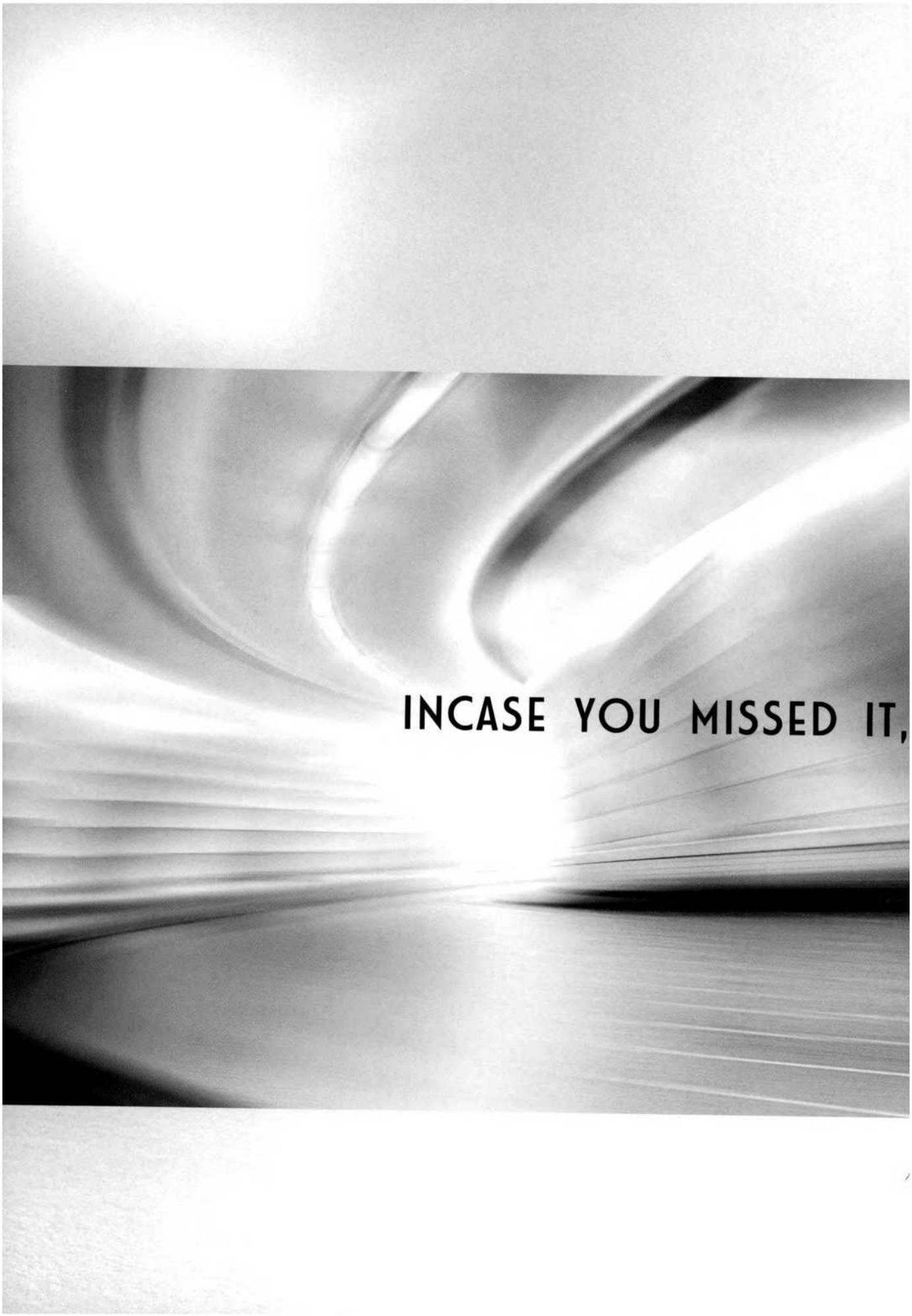
why the Linea T-Jet is as admirable on the outside as it is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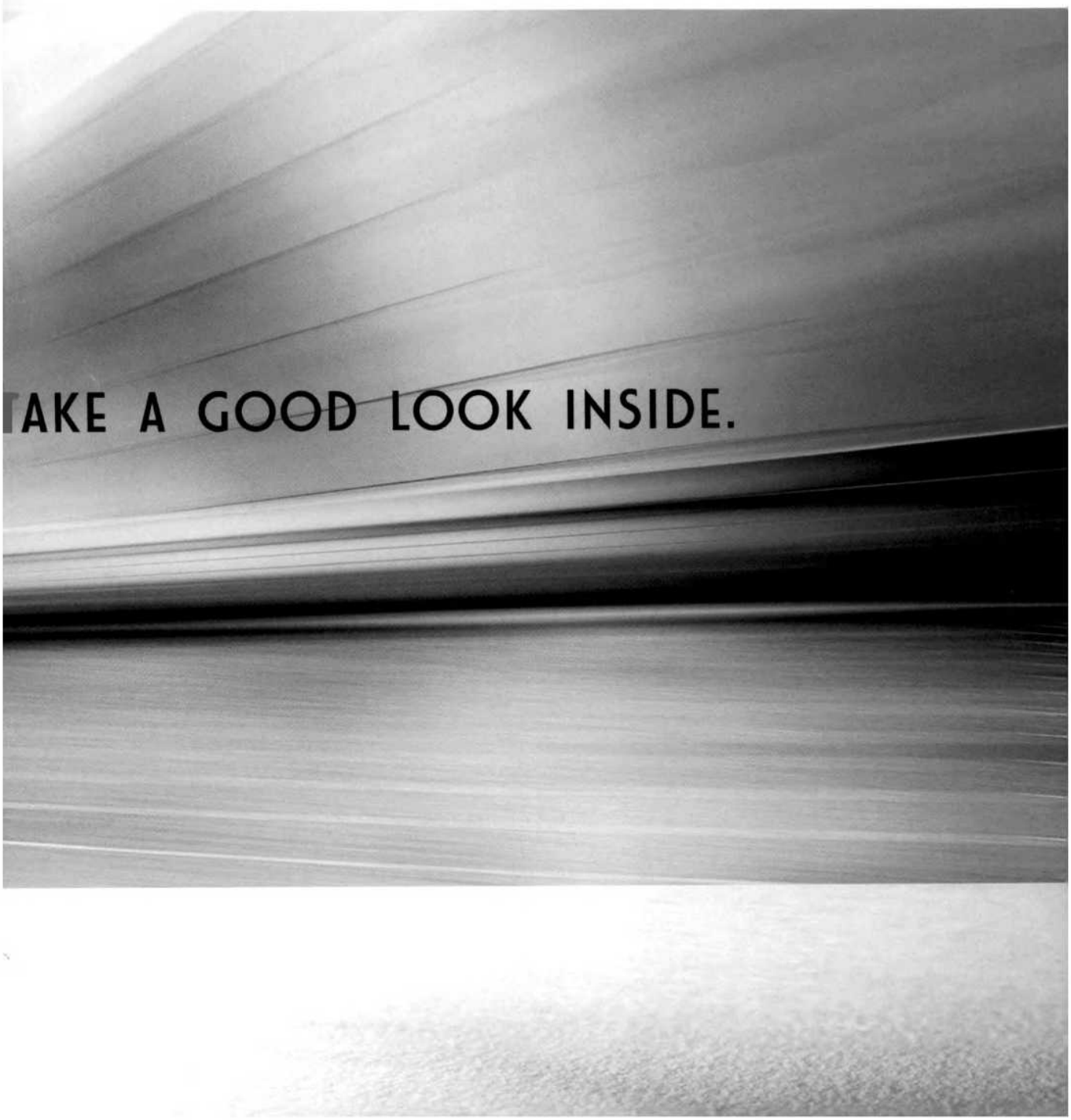
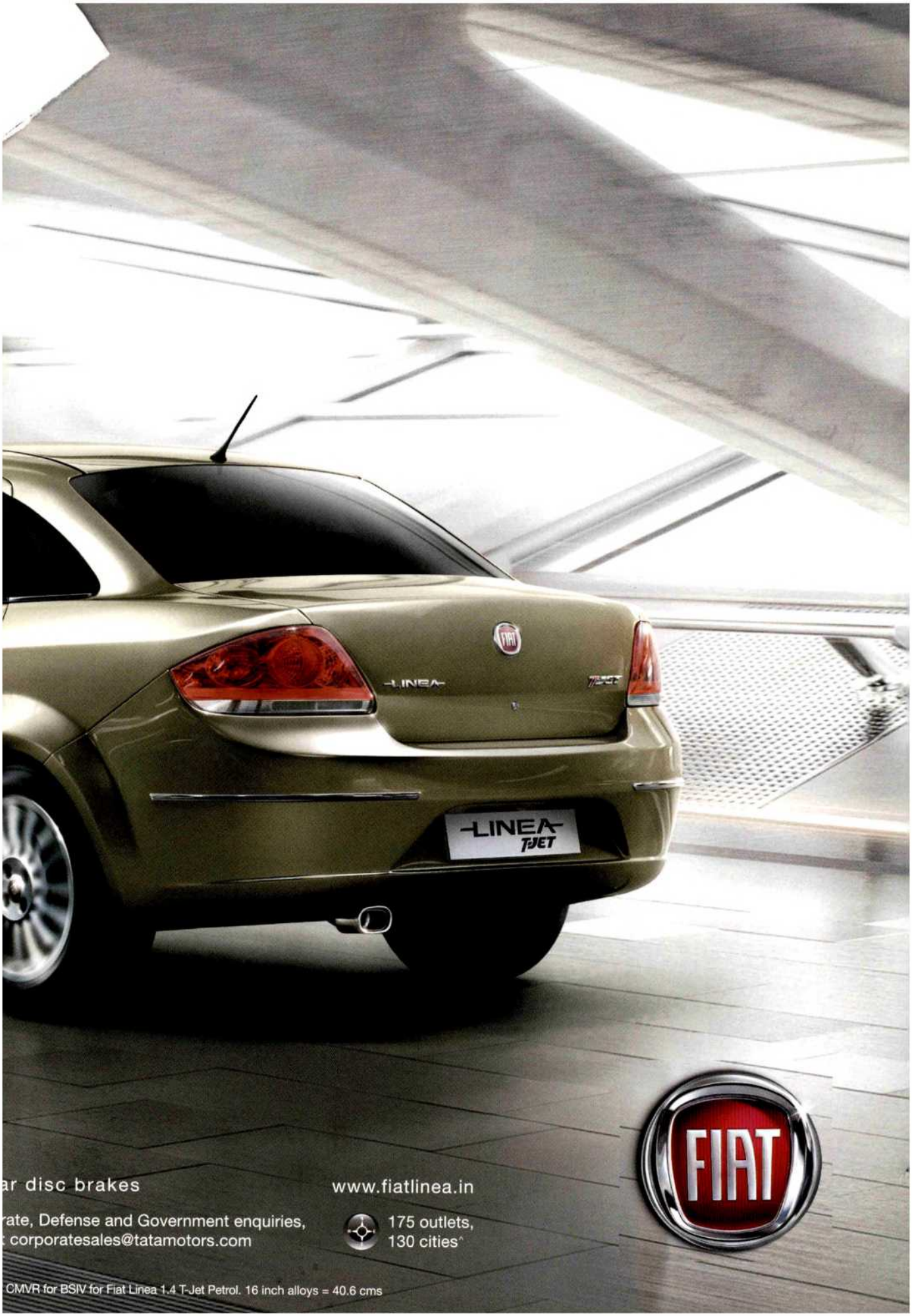

TAKE A GOOD LOOK INSIDE.



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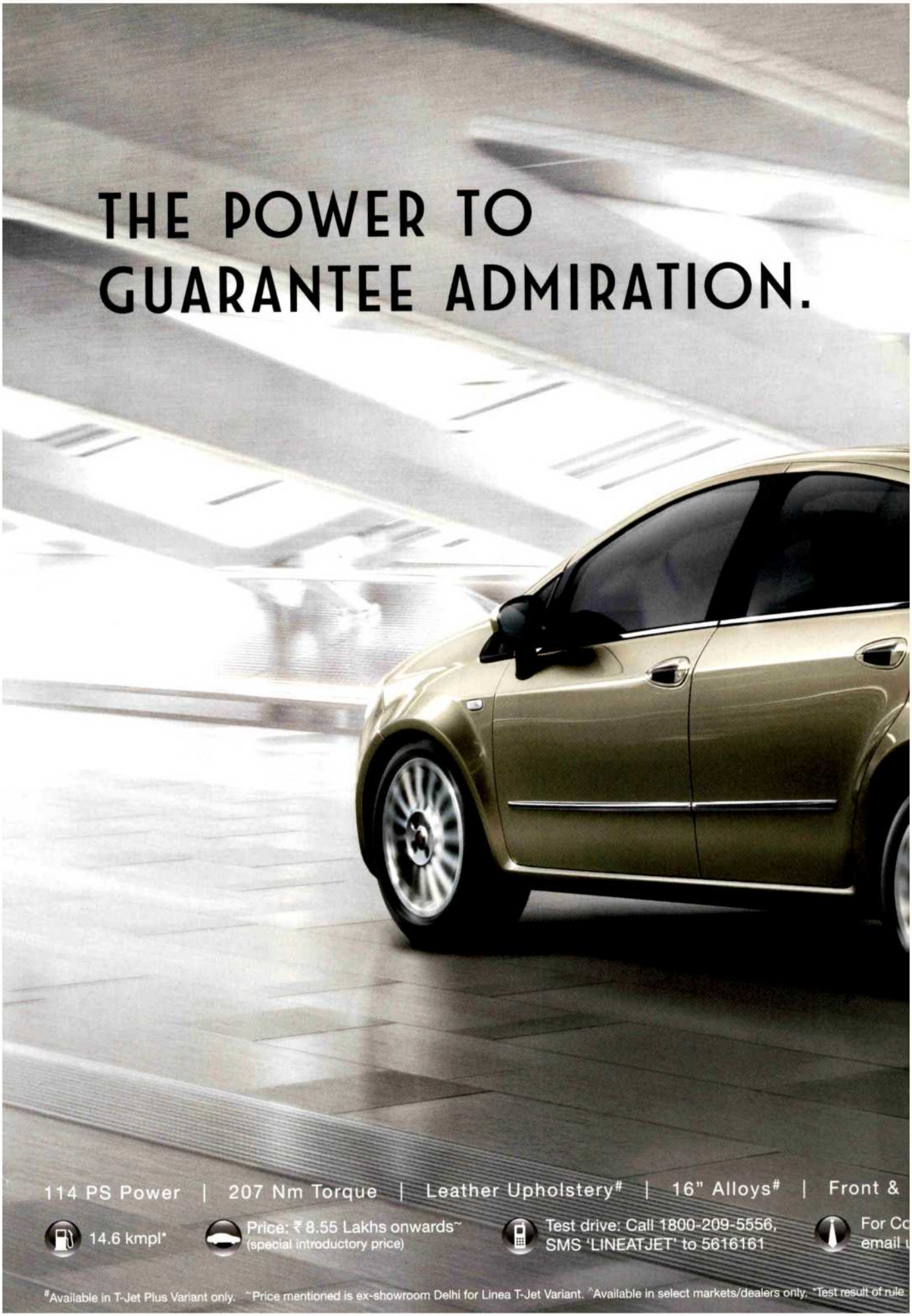
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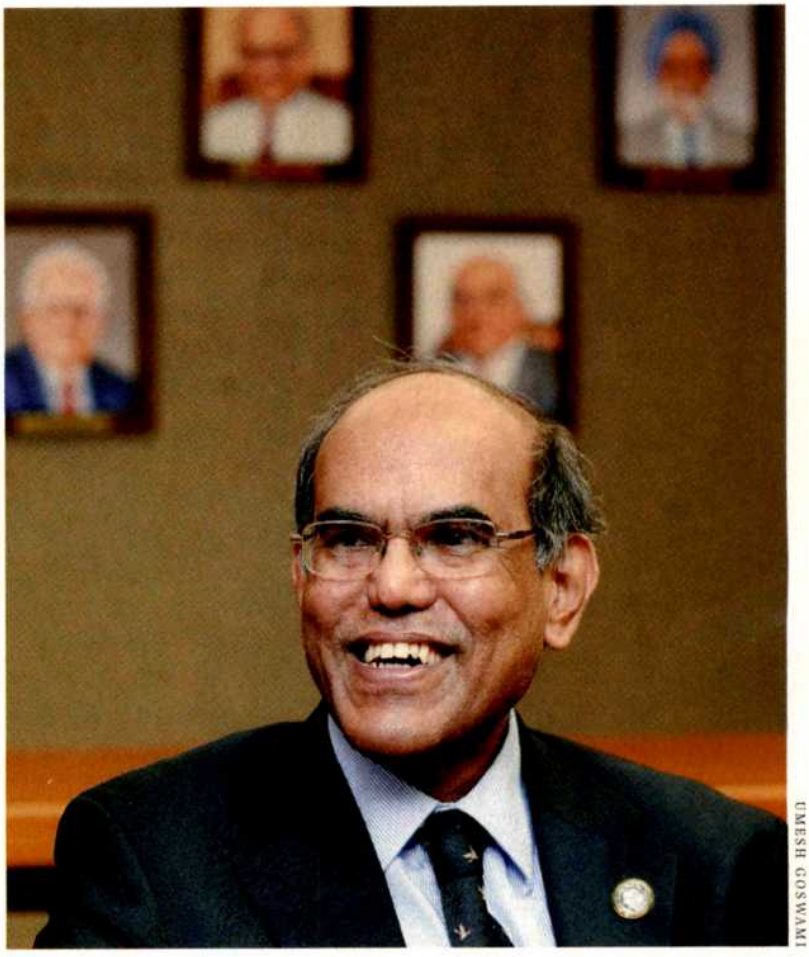
INTERVIEW/D. SUBBARAO

"Liquidity Will Remain Tight"

Five days after **DUVVURI SUBBARAO** *stepped into the office of the Governor of the Reserve Bank of India, Wall Street firm Lehman Brothers collapsed. Two years on, Subbarao, 61, has become the financial world's most admired central banker. He spoke to* **BT**'s **BRIAN CARVALHO** *and* **PUJA MEHRA** *about the* RBI*'s strategy amidst the latest global financial developments. Edited excerpts:*



UMESH GOSWAMI

The RBI is the only central bank that has been ahead of the curve all along since early 2008. How do you do it?

We are the only country that is ahead of other countries in inflation. [RBI has been able to pick signals on macroeconomic developments early from the way inflation has moved.]

Should India, as an emerging economy, be worried about the global currency war?

It was agreed amongst the finance ministers and governors of the central banks of the G20 countries at the ministerial [meeting] in Korea in October that "currency wars" is an unfortunate phrase. It should not be used. On a more substantive basis, India is quite different from other countries because we have a current account deficit [broadly, that means India is a net importer] unlike other emerging economies.

We have not been using intervention in the foreign exchange market as an instrument of trade policy. We have intervened for other purposes such as the management of exchange rate volatility and macroeconomic disruptions. We have also not used intervention to build up reserves for self insurance.

What is your view on devaluing currencies to support exports?

Some countries have been doing it but we believe in what was agreed in Korea, that exchange rates must be driven by market fundamentals save for situations like managing volatility.

Your November 2 statement says that there isn't much loss of competitiveness of exports despite the rupee's appreciation because currencies of competing economies are also rising. Is this likely to hold for long?

It is difficult to say, but let me put some numbers to that. Since March 2010, the rupee has appreciated against the dollar in nominal terms

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by 1.5 per cent. If we take real appreciation [against an index of 36 currencies], it is 0.4 per cent, which means that currencies of countries that are competitors to us have also appreciated. In as much as we have a current account deficit (CAD), the pressure for appreciation in our country will be lower than in countries that have surpluses. So, since the beginning of this fiscal year, the appreciation has not been much. But if we take a longer time frame, if we take 2009-10, there has been significant appreciation.

Has the rupee not appreciated much because the RBI has intervened in the foreign exchange market even if not for influencing trade?
No. I cannot say if we have intervened or not but largely the market adjusted. The CAD has also widened.

So, that means the economy's ability to absorb the higher capital inflows has increased? Will you say that the new normal CAD is four per cent of GDP rather than two per cent?
Yes, our absorptive capacity has expanded and that reflects in the widening CAD. It is possible to structure an economy where you have four per cent CAD, but the question is whether you can sustain a four per cent CAD year on year. You can argue, of course, that you have four per cent CAD, you invest that as foreign savings and that investment generates enough foreign exchange returns to service the external obligations. There is a limit to that argument.

The rising capital inflows are helping India finance the CAD right now... But do you think India could explore Brazil-like tools to curb capital inflows?
That will be the last resort. No option is off the table. We look at what other countries are doing. We look at all those instruments. But transaction taxes or URR [unremunerated reserve requirement] are options that we will not take to very lightly. We have a credible record of managing our capital account by using instruments of both quantity and price on the debt side, and we will continue to calibrate and use them. Extreme measures such as taxes and other requirements will be, as much as they are in the realm of possibility, the last options... Inflows are comfortable so far.

Are you comfortable with the FII-FDI composition?
Not precisely at this point, but the policy document says we must endeavour to seek the more stable, less volatile component of capital inflows. That is good for the economy. That is good for all of us.

"Capital inflows are comfortable so far as our absorptive capacity has increased"

In food inflation, does the leverage now lie with the government rather than the RBI?
Yes, absolutely. The standard view is that on food inflation, monetary policy is a blunt instrument except to the extent that persistent food inflation fuels inflationary expectations and can get generalised. So monetary policy has to step in. On top of that we have a structural dimension that food habits are shifting towards cereals. It is quite unconnected to the crop side. I think that will take a little longer to resolve.

Is the government taking enough steps to address the situation?
We have spoken to the government and I am sure they are quite sensitive to the need for managing the supply side issues.

Both frictional liquidity and structural liquidity are somewhat tight. December will see tax outgos and January has some big IPOs lined up. Your November 2 statement says the deficit in the Liquidity Adjustment Facility is outside the RBI's comfort zone. Is the market going to get tighter?
It is going to be in the deficit mode. That is what we said in the July statement, and reiterated in September. I expect it to stay so. That is consistent with an anti-inflationary stance. How much deficit is the question. We had not given an indicative number before. This time we said it has got to be plus/minus one per cent of the NDTL [net demand and time liabilities] of banks. According to the current numbers, that yields a target of plus/minus Rs 50,000 crore. Currently, the injection has been of the order of Rs 80,000 crore barring the outlier last weekend [owing to pressures from the Coal India public offer]. The government's cash balance is about Rs 80,000 crore so that balances out. Add the additional CRR [cash reserve ratio] banks are keeping with us, and there is enough liquidity out there. There will be tax outgos in December, but there will also be additional government spending. I am hoping deposits will pick up. Should we intervene in the foreign exchange market for managing volatility that will also give us liquidity. I want to reiterate we are not going to intervene in the forex market in order to infuse liquidity.

Does the inherently volatile IIP impair the RBI's action?
Not significantly, but it does impair our task of dissemination of policy action. RBI should not have any more information than the markets. There should be no information asymmetry. If IIP becomes too volatile and loses credibility, then different people are reading the same IIP differently. ◆

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10 aspiring entrepreneurs face challenges from India's leading business icons for a funding of up to Rs. 5 crores to fulfill their dreams. Watch stalwarts like **Kishore Biyani, Rahul Bajaj, Naina Lal Kidwai, Karan Johar and N. Damodaran** put the aspirants to test and pave the way for India's next big success story.

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Power of Execution

Unfinished business: Delegates at last year's World Economic Forum

Indophile businessmen, often cheerleaders of India's reforms, say they have little to cheer about these days. India, perhaps the hottest market on their radar, is slowing on its reforms journey, they complain, with decisions such as on increasing foreign ownership in retail, insurance and defence manufacturing still on the unfinished agenda.

But with some perspective they all agree that the bigger challenge before the world's second-fastest growing major economy is of execution on the ground. Look around and you will see missed deadlines all around: highways, ports expansion, power distribution, special economic zones, approvals for mega industrial projects...

The India Economic Summit, being organised by the World Economic Forum, arguably the most powerful platform of businessmen in the world, November 14 through 16, will focus on that unfinished business of execution and topics that are grabbing attention of business people and policymakers. *Business Today* showcases four of the most important issues — solar energy, social entrepreneurship, corruption and water — in the following seven pages. Issues that will be the subject of intense debate and should resonate with all in the business of business.

White Hot

Though minuscule by world standards, India's solar efforts are attracting attention for their potential in the coming years.

BY SHALINI S. DAGAR

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India calling: Schott Solar's Christopher Fark

With more than 9,000 delegates, over 250 speakers and 600 exhibitors from 50 countries, Delhi International Renewable Energy Conference, 2010, a solar industry event, was clearly the largest circus in town late in October. And, for Christopher Fark, Managing Director, Schott Solar CSP, a German solar products firm, it was well worth making his first trip to India.

India's National Solar Mission, which aims to add solar energy capacity of 20 gigawatt or 20,000 mega watt, in the next 12-odd years, makes the country a hotspot on the global solar map (after China, of course). It is in the process of bidding out the first tranche of projects. The short-term target of 1,100 MW of solar capacity by 2013 may be puny by global standards but what has the global industry excited is the manner in which the present capacity could ramp up fast. (See *Sun High Ambitions*.)

When that happens, Fark and his company would want to be ready. Schott Solar already makes glass tubes for pharma companies at a manufacturing site in Vadodara and hopes to convert that into a factory making concentrated solar power receivers in the not too distant future.

But what keeps global investors edgy is regulatory risk. The question whether the government's benign approach to the solar industry will continue even as the industry's economics changes. The world over, solar has prospered through government support because the industry is not yet competitive compared with traditional sources of energy. But after the economic slowdown and recession worldwide, such subsidies are being looked at closely.

For instance, countries such as Germany acquired sizeable solar installations and rose to leadership in the global industry after favourable legislation was adopted in 2000. But, those clauses are now being phased out for new projects.

Even by these examples, India makes for a strong case of government support for solar energy. For one, its energy needs are soaring — experts reckon up to one-fifth of incremental use of global energy resources will be by India — and the country gets good sunlight for over 300 days a year. There is an issue of air pollution and haze, which diffracts the sun's rays, but there are technology fixes to the problem.

Many believe that the National Solar Mission is sound in design. The policy aims to bundle solar energy with state-backed utility NTPC's coal-based power. This bundled power will be sold to state electricity boards and other distribution utilities. NTPC Vidyut Vyapar Nigam, the entity designated as the nodal agency, will enter into power purchase agreements with the developers and power sale agreements with the distributors. The Central Electricity Regulatory Commission will fix tariffs for the solar developers every year. The consultation process for the coming year, 2011-12, is on at present.

The plan places equal emphasis on two dominant solar technologies: one, solar photovoltaic (PV), which relies on generating electricity directly from sunlight. And, two, solar thermal generates heat using the sun's rays and then converting it into electricity. PV systems are most often used in smaller installations while solar thermal can be used in utility-sized projects.

Bidding for solar thermal projects is being done in one broad sweep while PV bids will be staggered. There is frenzied interest, as was evident from the initial bids of over 650 MW that came in for 150 MW capacity. The government plans to shortlist winning bids in November based on the highest discount offered on tariffs — Rs 17.91 a kilowatt hour for solar PV and Rs 15.31 for solar thermal — set by it.

Some worry about the quality of interest in the bids and say inexperienced players may not be able to put the projects on-stream. "Some of the players are assuming ridiculously low capital costs. Knowledge gap especially on the solar thermal side of the business can be very risky," says James Abraham, Managing Director and CEO of Sunborne Energy, a Gurgaon-based specialist in utility scale solar solutions that counts billionaire investor Vinod Khosla's eponymous venture firm among backers.

Still, most agree that the crucial issue at this stage is to get the industry going. For that to happen reassurance is key, says Dominic Waughray, Senior Director and Head of Environmental Initiatives at the World Economic Forum. "As you have seen in the first phase, international investors are wary due to political and institutional risk. Solar is after all a very new asset class," he says. Waughray is bringing together international finance houses and multilateral organisations for projects in India.

Several variables — technology, land acquisition, demand, ability of distribution utilities to pay, and pricing — will play off each other as India wades towards a solar energy ecosystem. As Vinayak Mavinkurve, who heads project finance and principal investments at infrastructure financier IDFC, says, "The next year will be crucial." ◆

Sun High Ambitions

India's solar energy targets may look overly optimistic but it has got the clean tech world excited

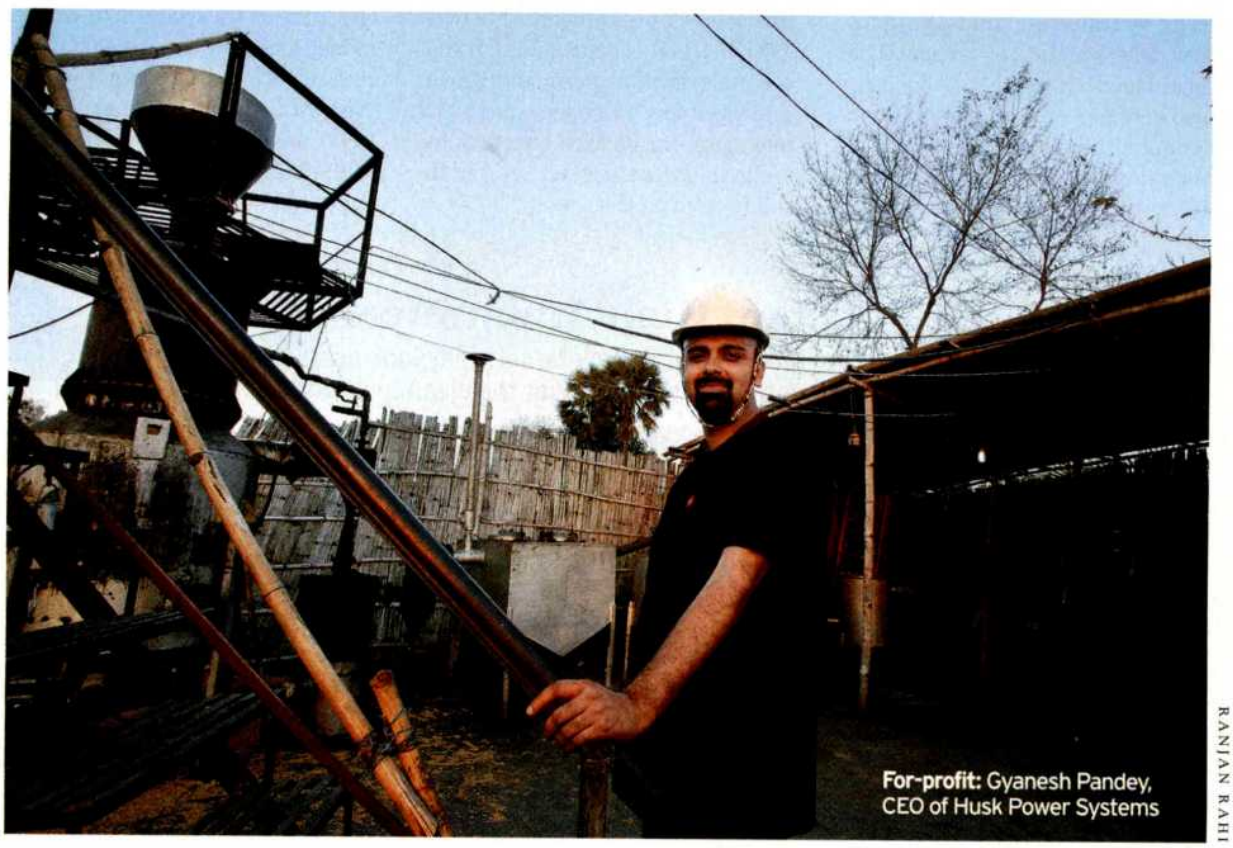
Application segment	Target for Phase I (2010-2013)	Cumulative target for Phase II (2013-2017)	Cumulative target for Phase II (2013-2017)
Grid solar power incl roof top	1,100 MW	4,000 MW	20,000 MW
Off-grid solar applications (incl solar lights)	200 MW	1,000 MW	2,000 MW
Solar collectors	7 mn sq m	15 mn sq m	20 mn sq m

Source: National Solar Mission

A Virtuous Spread

Social entrepreneurship goes mainstream as the bottom of the pyramid gets more attention as a market.

BY E. KUMAR SHARMA and ANUSHA SUBRAMANIAN



For-profit: Gyanesh Pandey, CEO of Husk Power Systems

RANJAN RAHI

He is a true believer in the for-profit concept; even eschews venturing into anything that is "not-for-profit". But the venture fund that Vineet Rai founded — Aavishkaar — has a clear focus: "To harness the entrepreneurial spirit at the bottom of the pyramid to create inclusive economic development." Consider one of its investee companies, Net Systems Informatics. This Mumbai-based company, for the past five years, has been in the business of providing accessibility and assistive technology products (like screen readers and specially-designed keyboard and mouse) for the physically challenged or differently-abled. Its CEO Shilpi Kapoor says Net Systems has already touched half a million lives, withstood the downturn well and made operating profits last year.

Rai is not alone. There are other VC investors walking down the same path. Take VenturEast, a private equity and venture capital firm, which, according to Sarath Naru, its Managing Partner "is an unabashedly commercial investor". But over the past two years about half of its investments have been in companies that cater to rural markets, particularly low-income households. It already has investments across a broad spectrum of companies — its portfolio includes a company that builds low-cost primary health care delivery through telemedicine, another that builds low-cost rural ATMs for better financial inclusion, one that builds water supply and irrigation systems and yet another that develops low-cost bio-generic drugs, among others.

Social entrepreneurship is wit-

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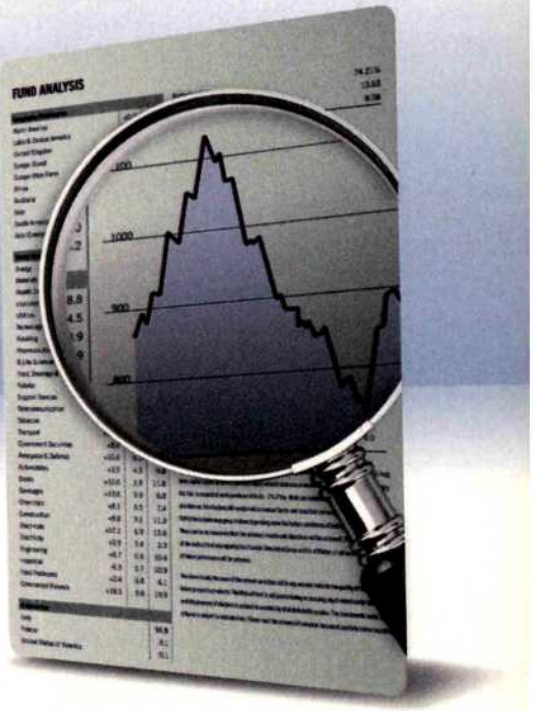

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ProductivITy Push

The rapid spread of mobile phones in the country means that a phone call is within easy, if not instant, reach of one in two Indians. In the coming months, when wireless broadband services get launched — through third generation and so-called long-term evolution networks — ubiquity of phones will lead to a jump in high-speed Net connections.

"The use of information and communications technologies (ICT) is just getting off the ground in India," says Amit Mehra, Founder and Managing Director of Reuters Market Light, which offers updates on weather, market prices, and news via text messages.

The possibilities with broadband wireless technologies are enormous: companies are already leveraging ICT to deliver health care (as Apollo Hospitals has done in 150 locations) and training (Textiles Exports Association, Tirupur covering 600,000 workers). But the real impact waiting to happen is at the bottom of the pyramid. "ICT can reduce disparities in population by delivering better quality services," says Irene Mia, Senior Economist with the World Economic Forum.

Indeed, the break-up of WEF-INSEAD's network readiness index shows light at the end of the tunnel. India is ranked No. 43 on the index among 130 countries. One of its components, the readiness component, which maps how ready individuals, businessmen and governments are to adopt ICT, is at a relatively high No. 22, showing a high level of latent demand.

RAHUL SACHITANAND

nessing a "mainstreaming" of sorts. These ventures no longer need to depend solely on philanthropy or grants to take off. There are investors willing to back them as long as they promise scale and a for-profit model. Even "unabashedly commercial investors" are willing to support businesses that promote inclusive economic development and reach out to the underserved markets of India. For them it's a business decision like any other. It is just that they also see a large market for services and products offered by social ventures. Rai of Aavishkaar, for instance, expects to make significant returns from the majority of his 22 investments — in some instances three to five times the capital invested. "We hope to make reasonably large returns from six companies, some would give us reasonable returns, while the rest would give us the money back with minor returns. We have only written off five investments," he says.

Concurs Hilde Schwab, the Chairperson and co-founder of the Switzerland-based Schwab Foundation for Social Entrepreneurship: "In India, there are more social entrepreneurs setting up organisations that are for-profit, and relying less on donations and grants these days. Also, more social entrepreneurs are coming from a business background or from the private sector."

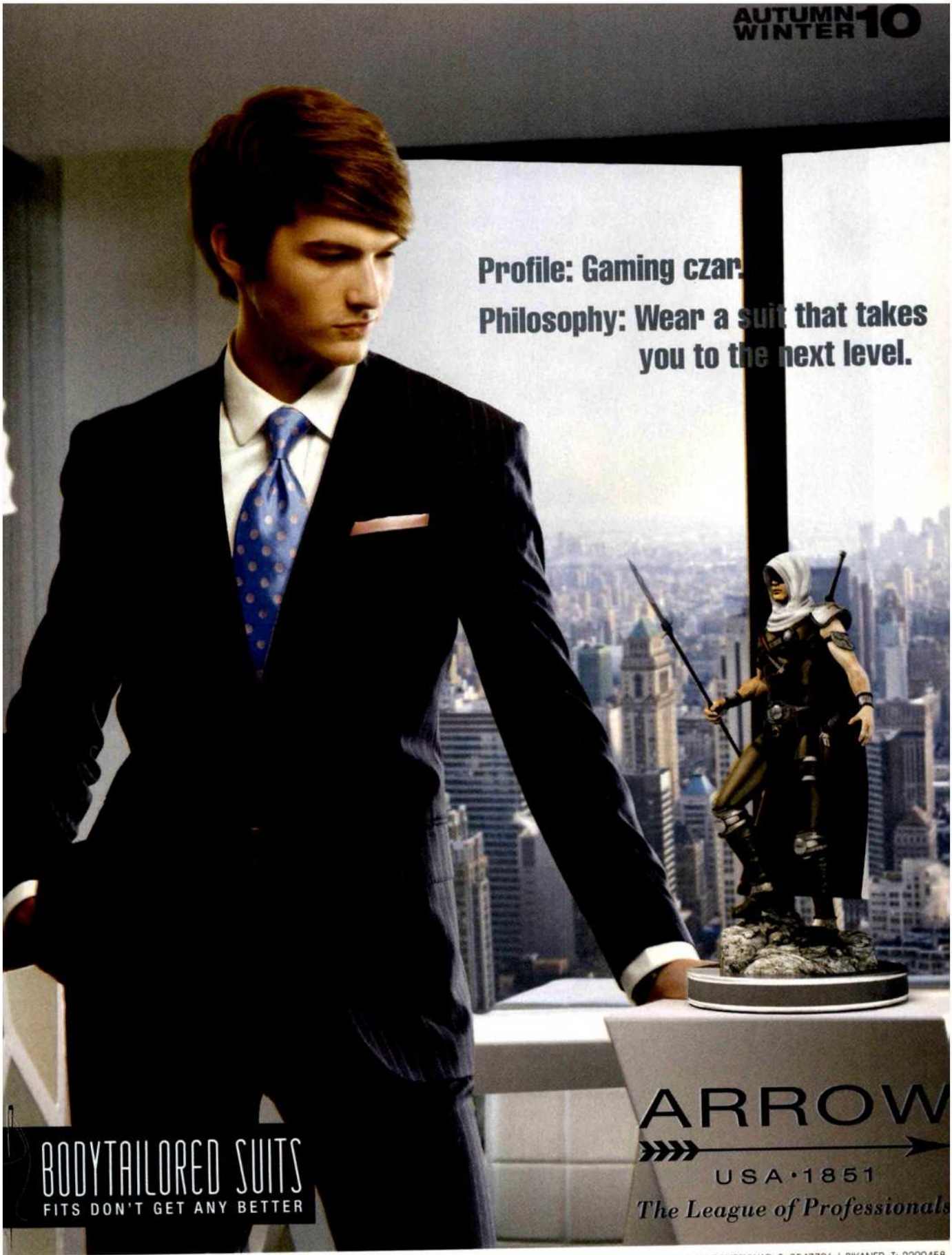
According to a recent e-journal of Spire Research and Consulting, a specialist on social entrepreneurship in Asia-Pacific and Global Emerging Markets, in the past social enterprises may have been largely non-governmental organisations (NGOs) which chose to structure themselves as businesses. "However, in the 21st century, social enterprise increasingly looks more like a branch of regular enterprise than a part of the NGO sector," the research says. In the process, social entrepreneurs also seem to be emerging as champions of innovation. For example, Husk Power Systems in Bihar, a rural electrification company that burns rice husks to produce electricity.

Private equity and venture funds are definitely showing keen interest in funding social enterprises, says Madhabi Puri Buch, Managing Director and CEO, ICICI Securities. "Yes, there is a lot of money available out there. There are funds which look for business models at the bottom of the pyramid and are for-profit organisations. Some funds measure success in terms of the impact they create, and not financial returns," she says.

However, it's not smooth sailing for all social entrepreneurs. Funding is only available to those ventures that have a well thought-out profit model. "While many for-profit social ventures may be getting funds, most NGO-led entities still tend to struggle for funds as they cannot raise equity and have to depend on donations," says Ernest Paul Midde, head of Saadhana, an Andhra Pradesh-based NGO microfinance institution. He feels the way out is to sensitise the public sector banks about the need to support sound social ventures. We hope he finds listeners. ◆

Betting on Social Ventures

- Social entrepreneurs no longer depend solely on grants and philanthropy
- PE and VC funds show a growing interest in the market at the bottom of the pyramid
- Commercially sustainable social ventures start getting venture funding
- A "for-profit" model preferred by investors
- NGOs, though, still struggle for funds and have to depend on donations



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SUMEET INDER SINGH

India's Achilles' Heel

Corruption keeps pace with a booming economy and the bad news is that there are few signs of it being reined in. BY SUMAN LAYAK

An American private equity fund was ready with a $100-million purse to invest in a large Indian infrastructure company's project. The investment plan was pulled back after a study raised red flags on corruption related to the project's land deals.

A multinational pharma company sought a US Foreign Corrupt Practices Act review of their Indian arm — the result of the study led to the sacking of the India CEO.

Corruption has been endemic in India and is perhaps the biggest blemish on the India Shining story. "Corruption in India is systemic, and corrupt nations do not develop their human capital. A country that scores low on the human development index is never considered a developed country," management guru C.K. Prahalad observed in 2008.

The Commonwealth Games row once again highlighted how graft at the highest level continues to be the undoing of independent India. "The Games saw widespread fraud and the credibility of the country was dented. Every investor will now be thinking whether he should be investing in this country at all and will be looking at how we handle the investigations," says Deepankar Sanwalka, Head of Forensic Services at KPMG.

A July report by the investment arm of the World Bank, the International Finance Corporation (IFC) showed that countries that had good regulation and scored well on Transparency International's Corruption Perception Index (CPI) also ranked high on the Investing

Across Borders Study of the IFC (see *Corruption Impacts FDI*).

Incidentally, China fares slightly better than India, ranked 78th globally on the CPI while India is ranked 87th. But China today attracts around three times the FDI India does — it received $95 billion in 2009 against India's $35 billion, according to the United Nations World Investment Report 2010. This could be because, as Prahalad pointed out, corruption in China was more personal than systemic.

India is aware of the need to weed out corruption. The Central Vigilance Commission (CVC) has formulated and released the Draft National Anti-Corruption strategy. The Ministry of Corporate Affairs (MCA) is planning to set up a new redressal body along the lines of other MCA subsidiary bodies such as the Competition Commission of India and the Serious Fraud Investigation Office, with statutory powers to deal with investor concerns in case of a corporate scam. MCA has suggested that the new Companies Bill contain a provision that will make auditors pay retail investors for corporate fraud in order to restore investor confidence in audit companies.

The World Economic Forum (WEF) has its own global front against corruption and plans India-centric initiatives as well. The WEF initiative — Partnering Against Corruption Initiative (PACI) — formed in 2004 brings together more than 150 companies. It is a global multi-sectoral anti-corruption initiative, developed by and for companies.

"With India's increasingly globalised economy we see a potential to explore how more India-specific activities could be developed. We have already begun discussions with our many Indian partners and constituents to explore what this could be," says Alex Wong, Senior Director and Head of the Center for Global Industries at the WEF.

PACI is trying to initiate dialogue between its members and various government agencies, particularly where there are examples of aggressive extra-territorial anti-corruption legislation being discussed, such as in the United Kingdom and the United States.

The US Foreign Corrupt Practices Act is already making it tough for many American companies to operate in countries like India, where corruption is rife. According to the law, US-listed companies can be penalised for bribes paid in other countries. Today, even the UK has passed a similar law — the UK Bribery Act — and British companies can be hauled up under this law in the UK, even if their contractors or suppliers pay a bribe in India.

In India, law enforcement authorities such as the Central Bureau of Investigation or the Directorate of Revenue Intelligence focus on the bribe-taker but there needs to be an effort to dissuade the bribe-giver too. Wong argues that the fight against corruption worldwide is best enabled by "robust action on both the demand (or government side) where many of the demands for bribes emanate and the supply (or private sector) side which usually provides the money used for corrupt practices".

There are now examples of companies launching anti-corruption initiatives on their own. For example an MNC arm like BASF India has actually tried to go ahead and make its employees participate in a campaign against bribery with focus on the bribe giver. BASF People Against Corruption often joins hands with different organisations to carry on its campaign. One of the organisations that BASF has worked with is Public Concern for Governance and Trust, an organisation that has former super cop Julius Ribiero closely associated with it. When such efforts spread, India will start to shed its image of a graft-prone economy. ◆

A Sorry Saga

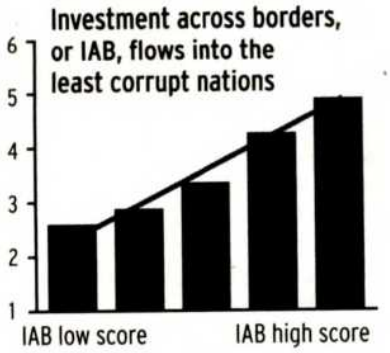
India fares poorly on Transparency International's Corruption Perception Index

- India scores 3.3 on a scale of 10; 0 is highly corrupt and 10 stands for very clean
- India is ranked at 87 among 178 countries
- Denmark, New Zealand and Singapore score the highest at 9.3

The Reasons for Bribery

Source: KPMG

Corruption Impacts FDI



Transparency International Corruption Perception Index, 2009 (1=most corrupt, 10=least corrupt)

Source: International Finance Corporation

KULDEEP

Aqua Strife

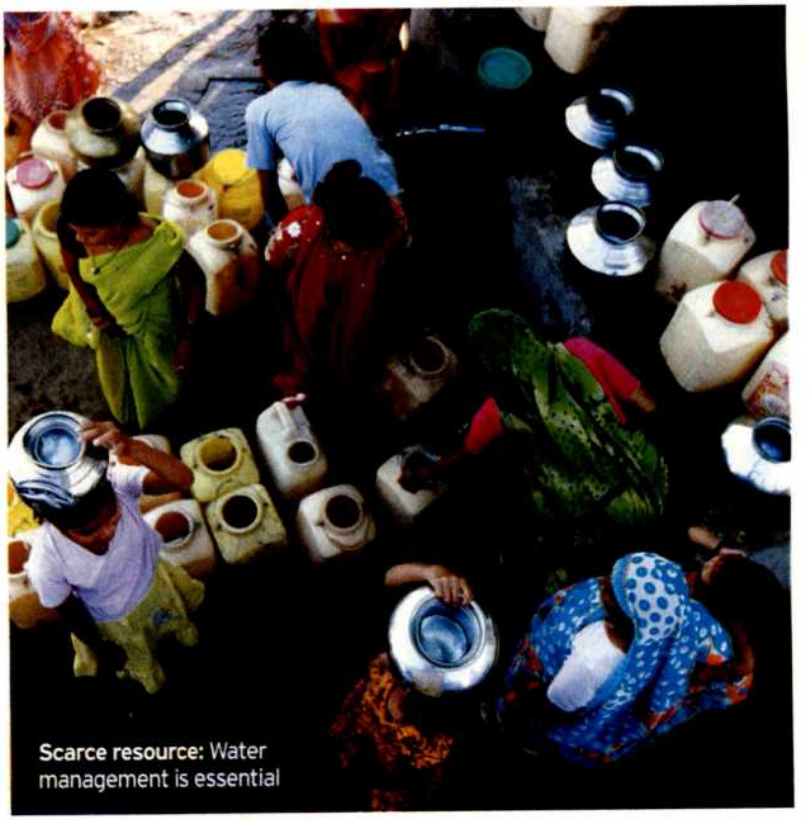
Private answers to a shortage of public good No. 1 — water — are emerging but that's only a small start to fixing what will be a big problem in future. BY SUMAN LAYAK

India will need to answer some pressing questions on water sooner than later. If the problem of large pockets of the population living without easy access to water seems acute, brace for this: come 2030, the country could face a large gap between current supply and projected demand amounting to as much as half of demand, or 755 billion cubic metres. That is more than 60 times the water in India's biggest reservoir at Khandwa, Madhya Pradesh, created by the Indirasagar dam.

The immediate task on hand in India, then, says an expert, is to increase focus on how water is used. "It is instructive to see how much could be achieved through improved water management than through necessarily augmenting new supplies alone," says Dominic Waughray, Senior Director and Head of Environmental Initiatives, World Economic Forum.

Many low-cost options exist to improve demand management and efficient water use in agriculture, he says. For instance, reduced till farming, a reduction in over irrigation, and increasing the yield in rice cultivation. This can be a game-changer given that 70 per cent of freshwater is used for agriculture. "Calculations suggest that if all the lowest cost options for reducing the water gap by 2030 are applied, including for agriculture, the annual expenditure by 2030 required to manage India's water resources would be $5.9 billion," suggests Waughray. That will not be a huge sum then.

Several companies have started businesses focused on what is increasingly seen as blue riches. VA Tech Wabag, which is building a sea-water desalination plant at Chennai, concluded a successful initial public offer — the first by a water company — earlier this year. A company like Environment Planning Group has leveraged the social entrepreneurship model to provide drinking water in Gujarat's villages. And in Mumbai, Hydroair Tectonics buys sewage from the Brihanmumbai Municipal Corporation to convert it into clean water for watering the city's racecourse. Clearly, a small start to what will be a long haul. ◆



Scarce resource: Water management is essential

Deep Trouble

- **70 per cent of India's freshwater withdrawals are used for agriculture**
- **Some 56 per cent of groundwater is being extracted faster than it can be recharged**
- **Half of India's water demand may be unmet by 2030**
- **Annual spending needed by 2030 to manage water resources better: under $6 billion, a fraction of GDP**

Source: WEF

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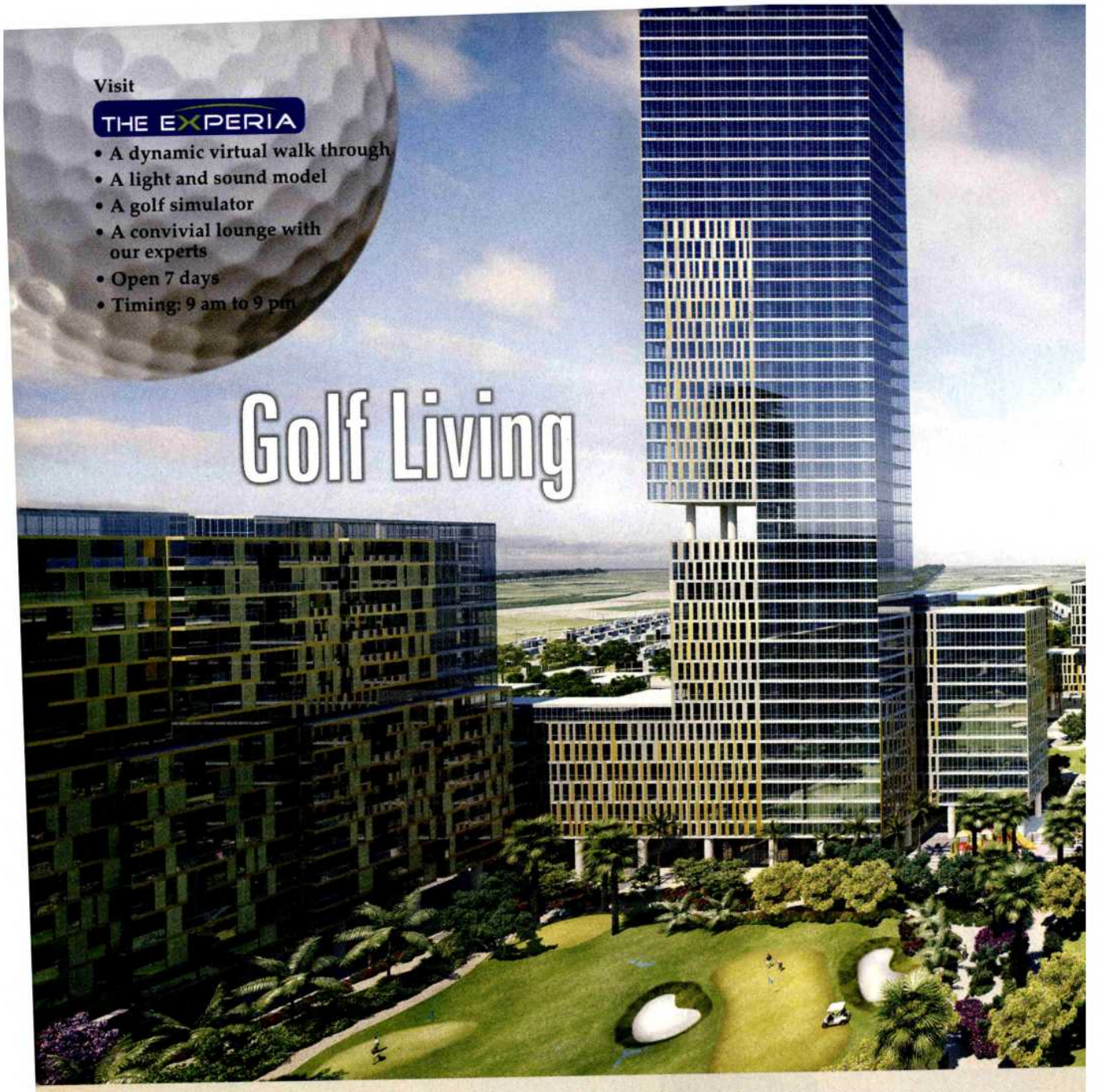

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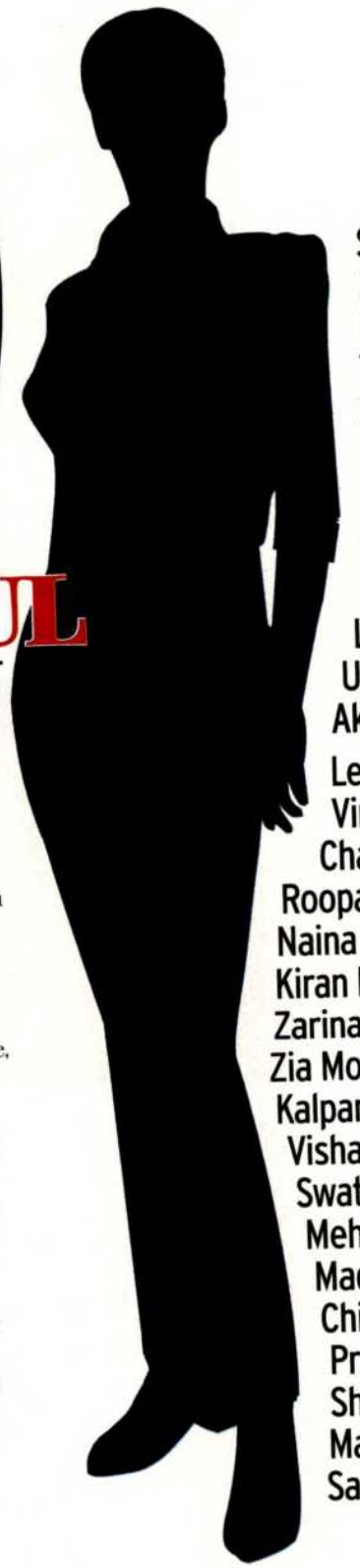
THE 30 MOST POWERFUL WOMEN



Schauna Chauhan
Zarin Daruwala
Lynn de Souza
Tanya Dubash
Shyamala Gopinath
Vinita Gupta
Kaku Nakhate

NEW

Vedika Bhandarkar
Manisha Girotra
Lalita Gupte
Usha Narayanan
Akhila Srinivasan

BACK ON THE LIST

Leena Nair
Vinita Bali
Chanda Kochhar
Roopa Kudva
Naina Lal Kidwai
Kiran Mazumdar-Shaw
Zarina Mehta
Zia Mody
Kalpana Morparia
Vishakha Mulye
Swati Piramal
Meher Pudumjee
Madhabi Puri Buch
Chitra Ramkrishna
Preetha Reddy
Shikha Sharma
Mallika Srinivasan
Sangeeta Talwar

Food without spice. A garden without flowers. An economy without entrepreneurs. A sky without stars. A bird with one wing... If you are wondering what these colourful figures of speech denote, well, they are some of the reactions from India's most powerful women in business on what a workplace without women would be like.

Life without women would indeed be — as another power woman put it — a dull, grey winter morning. And, along with our seventh listing of India's power businesswomen we also take a look at how corporate India is attempting to bring more women into positions that matter. One way to do that: Give India Inc's women leaders their place in the sun so that they become icons for others to follow.

Schauna Chauhan | 34 | CEO, Parle Agro

Agro Woman

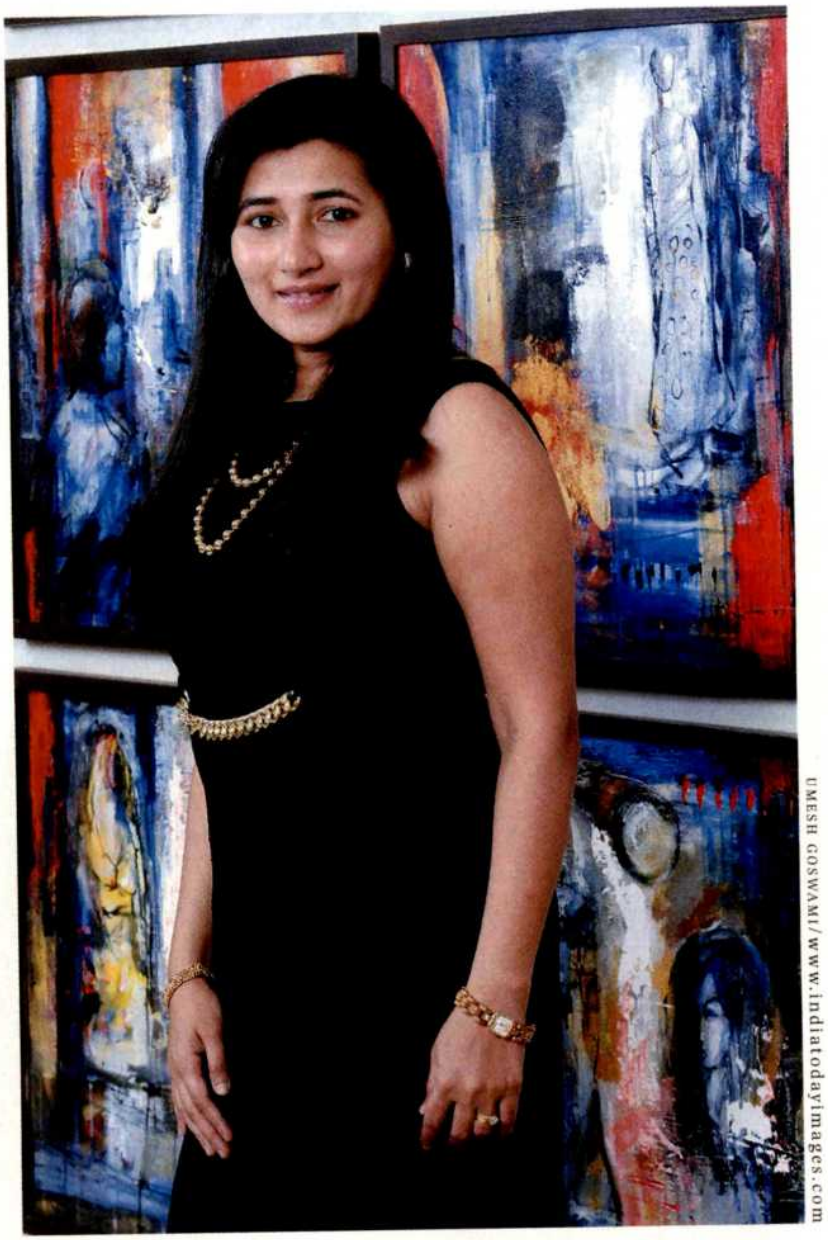
The year 2009 was the one in which Parle Agro took on giants like PepsiCo and ITC on their own wicket. In March that year, the Mumbai-headquartered food and beverages company, best known for its Mango drink Frooti, launched LMN — a lemon-based drink in the Rs 1,500-crore non-carbonated segment (Pepsi launched its own lime- based drink Nimbooz around the same time). A few months later, the company forayed into the Rs 6,500-crore branded snacks segment, dominated by PepsiCo's Kurkure and ITC's Bingo, by launching Hippo, a baked health snack.

Leading Parle Agro's charge is 34-year-old Schauna Chauhan, its CEO and the eldest daughter of Prakash Chauhan, its founder. "In the past year, we have made additions to our portfolio by adding new brand extensions (like Hippo Round-Round, and Saint Apple juice)," says Chauhan, who runs the Rs 1,500-crore company with her sisters, Alisha and Nadia.

Schauna has been associated with the business since 1999 when she joined the company's board as a director at age 22. Since she took over as CEO in 2006, the group has diversified into areas like confectionery, pure fruit juices and baked snacks, and has rapidly expanded its global presence, with exports to over 20 countries. "We have doubled our international presence by stepping up exports and by entering new partnerships to create a strong international presence for our brands," she adds. Chauhan, who is married to actor Bikram Saluja, looks up to her father and the Oracle of Omaha, Warren Buffett, as her role models.

T.V. MAHALINGAM

New on *BT*'s Most Powerful list



UMESH GOSWAMI/www.indiatodayimages.com

BIGGEST ACHIEVEMENT IN 2010:
Doubling international presence, taking on the F&B giants

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
I don't know if it is important or not, but to be considered a powerful woman is a good feeling

TIP FOR WORK-LIFE BALANCE:
Manage your time productively

A WORKPLACE WITHOUT WOMEN IS LIKE: **A garden without greenery**

Zarin Daruwala | 45 | Group Executive, Wholesale Banking, ICICI Bank

The Complete Banker

BIGGEST ACHIEVEMENT IN 2010: **Elevation to Group Executive where she manages more than 4,000 corporate clients**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It brings a sense of responsibility towards people whose lives can be changed by your decisions**

TIP FOR WORK-LIFE BALANCE: **Prioritise, strategise, trust your people, sell your idea to your team and watch the difference**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A glass half full**

A woman can be known by her mentors. In that department, few can match Zarin Daruwala. She started her career, in the late eighties, working with eminent chartered accountant Y.H. Malegam, who later advised her to join ICICI Ltd (before it became a bank). At ICICI, her first boss was Lalita Gupte, one of the stalwarts of the ICICI group. In a few years she was working in the office of N. Vaghul, then chairman of the development financial institution.

All that guidance seems to have worked well. Today, Daruwala is a key member in CEO Chanda Kochhar's new top team, entrusted three months ago with a portfolio that accounts for a little over half of ICICI Bank's bottom line.

A glance at her various stints explains why Kochhar chose her for this key role. After working in Vaghul's office, Daruwala got married and shifted to Delhi in 1992 with ICICI Securities, where she developed skills in managing bond issues, public issues and M&As. Five years on she was back in Mumbai — in corporate banking. That stint gave her the confidence to mingle directly with promoters and the managements of topnotch corporates. "I can now engage with anybody at any level in any organisation," says Daruwala, who meets at least three clients a day.

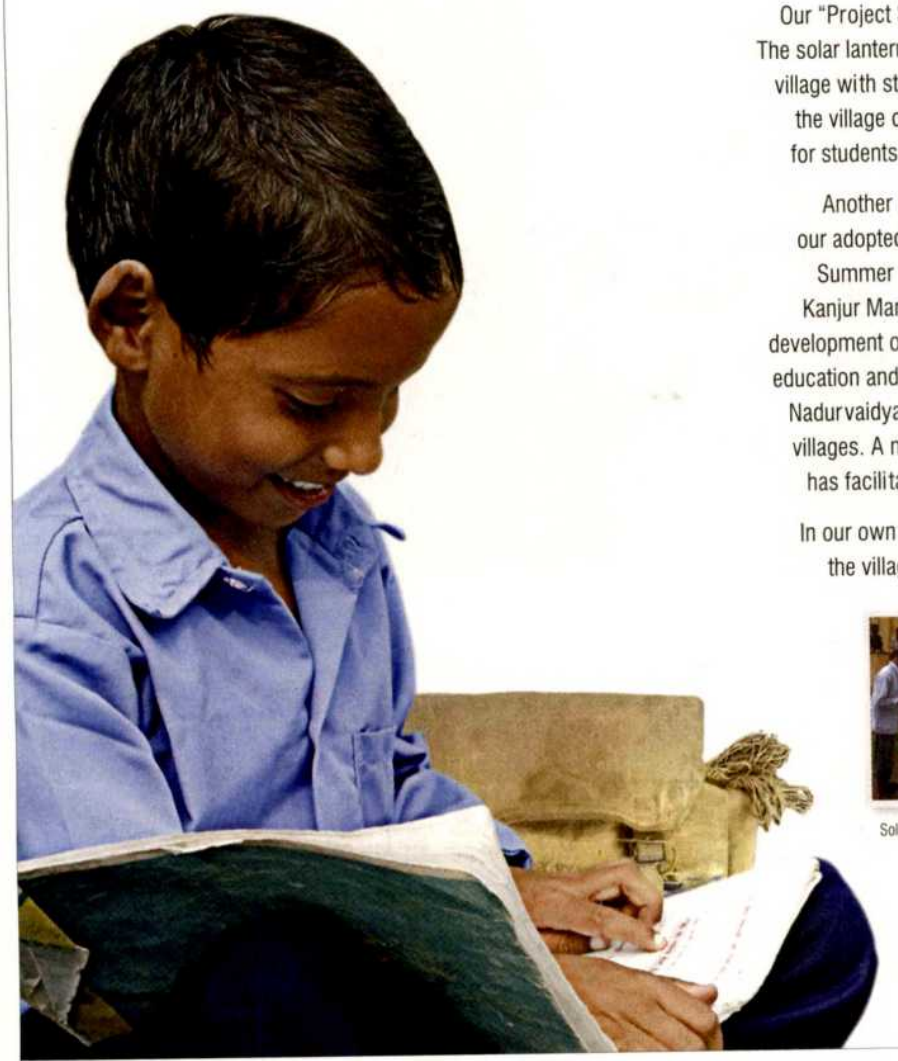
The all-round experience was complete when in 2002 she was given ICICI's rural portfolio. By 2005, she was back in corporate banking. The key to her successful journey? "At the end of the day, the client should respect you." Some 4,000 of them do.

ANAND ADHIKARI

New on *BT*'s Most Powerful list

NISHIKANT GAMRE

Enlightenment is



Our "Project Surya" bears testimony to this. The solar lantern project helped illuminate Shevta village with street lights. This not only served the village community, but also provided for students with lighting to study at night.

Another initiative which we carry in our adopted schools is "Mid-day Meals". Summer Camps are held regularly at Kanjur Marg with focus on the all-round development of the children. We have improved education and sanitation facilities in schools in Nadurvaidya (Igatpuri), Chitraland Gametha villages. A multi-media centre in East Delhi has facilitated IT education for the poor.

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Lynn de Souza | 50 | Chairman & CEO, Lintas Media Group

Cutting Through the Clutter

NISHIKANT GAMRE/www.indiatodayimages.com

She saw it coming and took it on the chin rather well. The recent loss of the Rs 150-crore ITC account could have been a body blow for Lynn de Souza, Chairman & CEO, Lintas Media Group (LMG), but she has emerged pretty much unscathed thanks to plans B, C, D and more. "We knew this was going to happen and prepared by winning many businesses," says de Souza.

Ever since she stepped into the tough-as-nails advertising and media industry in 1983, de Souza has learnt to take on crises and competition — and thrive. Industry veteran Sam Balsara, Chairman & MD, Madison World, feels de Souza has done remarkably well: "This is an industry where you are constantly dealing with big and powerful people. All of them are successful and have big egos. Being a woman has its advantages, but it is not easy either," he says.

De Souza has become an icon herself in a Rs 21,000-crore industry that aims to build brands and strategies that can break through the clutter. Her career path, leading up to the corner room, has seen virtually no detours. She did take a sabbatical in 1998 at Lintas, when she did a one-year course in veterinary nursing at Brisbane North Institute of Technical and Further Education to pursue her passion for animal welfare. But it has been advertising, media and little else otherwise. "She heads several industry bodies and has also stormed into the male-dominated AAAI (Advertising Agencies Association of India) as its Vice President this year," says a senior industry observer.

SHAMNI PANDE

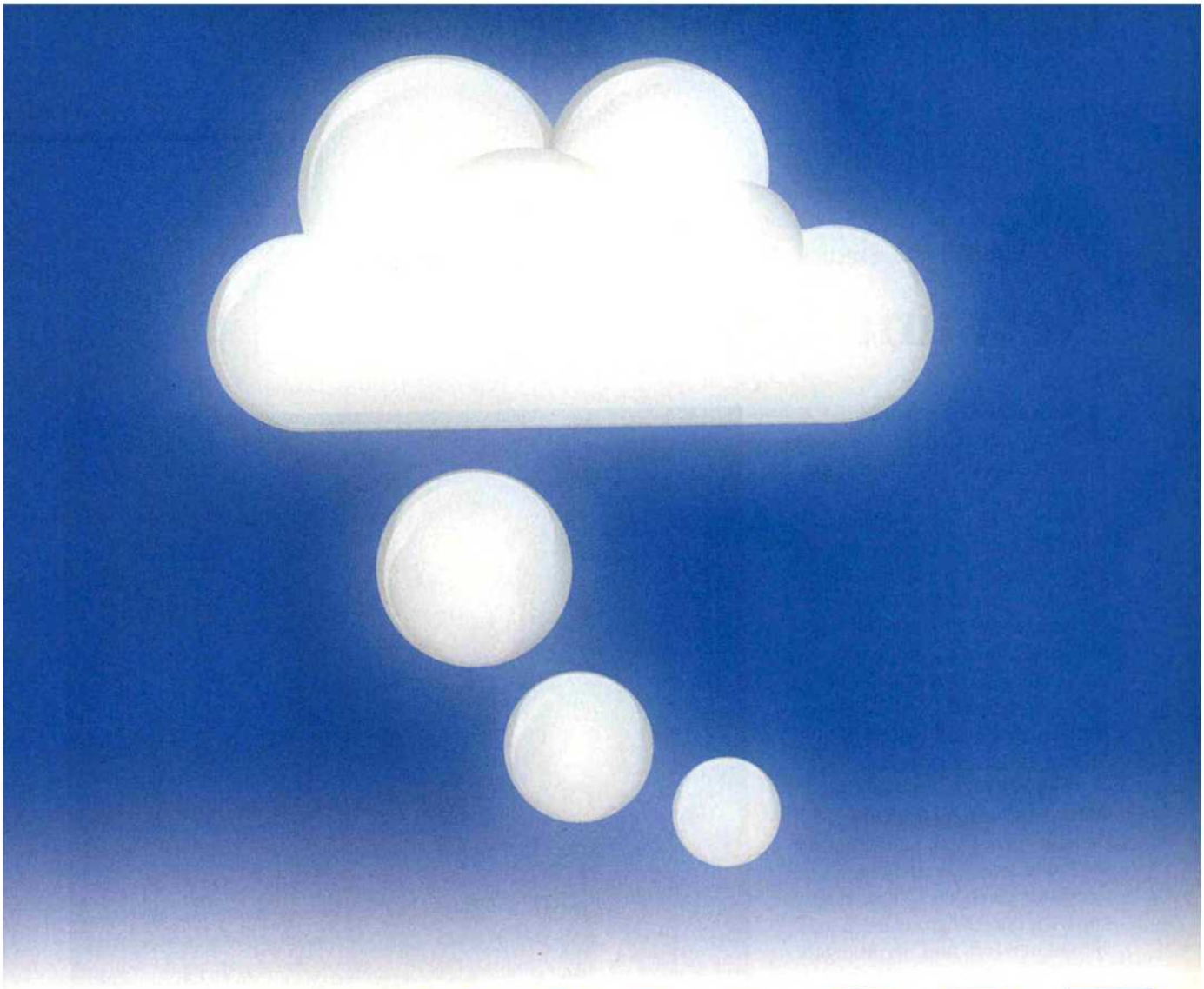
New on *BT*'s Most Powerful list

BIGGEST ACHIEVEMENT IN 2010: **Mobilising the Women's Leadership Network for Interpublic Group in India**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **One can add an unmistakable differential to the leadership of teams**

TIP FOR WORK-LIFE BALANCE: **Focus on the now and give it 100 per cent**

A WORKPLACE WITHOUT WOMEN IS LIKE: **An ocean without fish**



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Tanya Dubash | 42 | Executive Director & President, Marketing, Godrej Group

New and Improved

Back in 2007, the family that runs the Rs 12,000-crore Godrej group realised that they were facing a problem. The 113-year-old business house received feedback that Gen-Y was no longer identifying itself with the Godrej brand name. If they did, that association was restricted to traditional products like locks and cupboards. As Godrej group Chairman Adi Godrej told *BT* in a recent interview: "We got reactions like 'It's my parents' brand', 'It's my grandparents' brand.'"

Tanya Dubash, Adi Godrej's eldest daughter and Executive Director & President, Marketing, for the group, was given the task of fixing that perception. Three years down the line, the group has a vibrant new logo and, according to Dubash, the Godrej portfolio of products has gained market share across audited categories by at least 10 per cent. It was a litmus test for 42-year-old Tanya, who had started off in the family business way back in 1993 as a brand manager with Godrej Soaps.

Much further back, she recalls weekend visits to the Vikhroli campus as a six-year-old. "But that had little to do with the family business. It was more to enjoy the beauty of the campus," says Dubash. "When you come from a family business, you are surrounded by talk of business. It was more than just work."

Tanya handles the group's marketing initiatives and also heads the marketing council, which comprises the heads of marketing of all group companies. It's a role the Harvard Business School alumnus seems to relish. "I enjoy communicating," says Dubash, adding that "taking hard people decisions" is still something she is not comfortable with. The Godrejs, including Dubash, won't talk about succession plans but insiders say that she will have a key role to play once patriarch Adi Godrej hangs up his boots.

UMESH GOSWAMI/www.indiatodayimages.com

Still, if not a full-time businesswoman, what would Tanya like to be? "Hypothetically, I would have liked to be a psychologist or... a teacher."

T.V. MAHALINGAM
New on *BT*'s Most Powerful list

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Shyamala Gopinath | 61 | Deputy Governor, Reserve Bank of India

Reading the Mint Leaves

BIGGEST ACHIEVEMENT IN 2010: **Decides on market borrowings along with finance secretary; was given the important portfolio of 'payments and settlements' this August**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It encourages young women to emulate you**

TIP FOR WORK-LIFE BALANCE: **Make a success of your life and not just career**

A WORKPLACE WITHOUT WOMEN IS: **There is no concept of gender at the workplace**

She came to Mumbai from Bangalore close to four decades ago with her grandmother. She would ride a truck to reach downtown from the suburbs during the nationwide train strikes of the seventies.

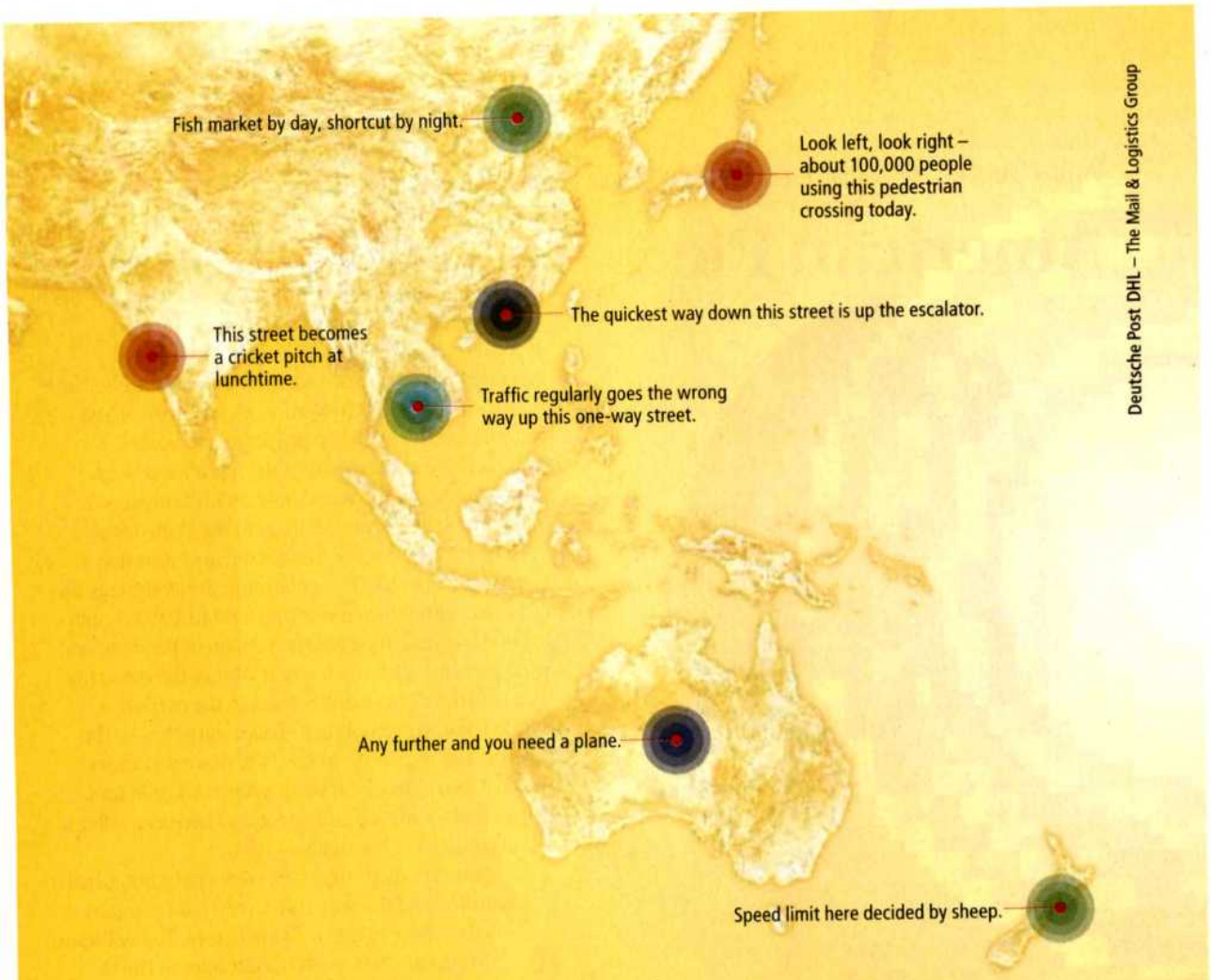
Since then, Gopinath has written regulations, managed government debt, kept an eagle eye on the exchange rate, managed foreign exchange — and even done a cushy stint at the International Monetary Fund in 2001. She came back to India two years later as Executive Director of the Reserve Bank— a well-timed move as the Indian economy was nearing a tipping point. "I wanted to be amidst the action," she says.

Today, Gopinath probably has one of the toughest jobs going around — of managing the government's burgeoning borrowings and also keeping an eye on the rupee, which has been appreciating against the US dollar and putting exporters in a spot. Gopinath is concerned, but not alarmed. "One can see the growth differential," she says, pointing to the widening gap in growth figures for the developed and the developing world. Also, the rupee's appreciation is an indicator that global liquidity is chasing India and other emerging markets.

If she is not alarmed, you should not be, either.

ANAND ADHIKARI
New on *BT*'s Most Powerful list

NISHIKANT GAMRE/www.indiatodayimages.com



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Vinita Gupta | 42 | Group President & CEO, Lupin Pharmaceuticals Inc.

American Pie

UMESH GOSWAMI

For Vinita Gupta — daughter of Desh Bandhu Gupta, the founder of pharma major Lupin — life in the United States means there are no servants around and she needs to pick up her household groceries from the supermarket like everyone else. So Gupta's favourite away-from-work activity — to go yachting on her husband Brij Sharma's boat — is well-earned considering that she has almost single-handedly shown the world how India can succeed in the market for branded drugs in the United States.

The success story of Suprax, an anti-infective, is inspiring. Gupta had been planning the US strategy for Lupin since she started working for it in 1992. Lupin had filed for making a generic version of the drug and was preparing for launch when Wyeth, the company that held the rights to sell Suprax in the US market, decided to stop promoting it. This meant that by the time the Lupin generic entered the market, doctors would have shifted to other alternatives. Lupin took the leap of faith, and relaunched Suprax two years after it had gone out of the market.

"Everybody thought we were crazy, but it has transformed the way Indian pharma companies do business in the US," says Gupta. Today Lupin ranks ninth in prescription sales in the US (branded plus generics) and is the only Indian company in the top 10. It is also the fifth-largest in generics sales in the US.

SUMAN LAYAK

New on *BT*'s Most Powerful list

BIGGEST ACHIEVEMENT IN 2010:
The only Indian company in the US Top 10 prescription drug firms

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
Young women need to believe there are no limits to their potential

TIP FOR WORK-LIFE BALANCE:
Prioritise what is important at work and at home

A WORKPLACE WITHOUT WOMEN IS:
Devoid of the insights women can offer

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Leena Nair | 40

Exec. Director, HR, Hindustan Unilever

Opening Minds

BIGGEST ACHIEVEMENT IN 2010:
Transforming the work culture and mindsets

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It is about influencing change and knowing that you can make a difference**

TIP FOR WORK-LIFE BALANCE: **Engage your family in your career path**

A WORKPLACE WITHOUT WOMEN IS:
Very boring

It is a warm and welcome change when you enter Hindustan Unilever's new, sprawling work campus spread over 7 lakh sq. ft. in Mumbai's western suburbs. You can walk "the street"— a stretch of open space flanked by a Bru Café, Kwality Walls and Kissan juice counters, a Knorr kitchen, a Lakme salon and a convenience store. The catalyst for this change: Leena Nair, Executive Director who leads human resources at HUL. "The new workplace has a closer connect between employees and HUL brands. We are a younger company and feel and sound informal," says Nair. It is easy to believe her.

ANUSHA SUBRAMANIAN

Number of times in BT's Most Powerful list: **4**

UMESH GOSWAMI

UMESH GOSWAMI

BIGGEST ACHIEVEMENT IN 2010: **Succeeded Kevan V. Watts as India head**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It helps you to change and direct the firm to achieve common goals and objectives**

TIP FOR WORK-LIFE BALANCE: **Have strong collaborations at work and home**

A WORKPLACE WITHOUT WOMEN IS:
A workplace without diversity

Kaku Nakhate | 44 | President & Country Head

Bank of America Merrill Lynch

Queen of the Hill

As far as second stints go, they can't get sweeter than this one. In July 2009, 44-year-old Kaku Nakhate, then Head of Global Markets, left DSP Merrill Lynch after 19 years to join J.P. Morgan India. The merger with Bank of America had just been completed and Nakhate was a part of the team set up to integrate the two teams. Once that task was complete, Nakhate was on her way. Only to return in June 2010 — in style — as Country Head.

So how different is Bank of America Merrill Lynch from the organisation Nakhate left in 2009? "I am new to corporate banking, but otherwise not much has changed. It is interesting how cultures (of the two organisations) are being married in our five branches across the country," says the veteran investment banker. An early riser, Nakhate begins her day at six a.m. and finishes her Asia calls by eight a.m. She is in office at nine a.m. and does not call it a day before midnight. Mergers can keep you busy.

RAJIV BHUVA

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Vedika Bhandarkar | 42 | Vice Chairman, Credit Suisse India

A Client a Day...

A long time ago, one of Vedika Bhandarkar's bosses barked at her: Meet at least four new clients every week. In a career that has spanned 20 years — which includes 12 years at J.P. Morgan India — and taken her to the post of Vice Chairman and Head of Investment banking at Credit Suisse India, Bhandarkar peeps into her diary every Friday to see if that happens. "Am happy to note that it does happen," says Bhandarkar with a smile. "That is the test for me and my colleagues as well," she adds.

It is a test she obviously enjoys. Almost 90 per cent of her day — which begins at 8.45 a.m. — is spent in client meetings. "That is the most fascinating part of my job. And it also gives me a huge kick," says Bhandarkar. In addition, Bhandarkar tries to spend quality time with her team and individual members to ensure holistic growth.

She also enjoys taking up challenges. The current one: to take Credit Suisse onto a larger platform. "I have to build the business and take it to a much bigger size," says Bhandarkar. Within Credit Suisse, the comparison metric in place is the share of wallet — the proportion of fees it earns vis-à-vis the fees paid across the investment banking industry.

Over the next three years, Bhandarkar aims to be among the Top 5 in terms of the share of wallet. "We are not in the top 10 in terms of the share of wallet right now," she says. If Bhandarkar keeps looking into her diary at the end of every week — with satisfaction — the chances of her reaching her goal are bright.

RAJIV BHUVA

Number of times in *BT*'s Most Powerful list: **3**

NISHIKANT GAMRE/www.indiatodayimages.com

BIGGEST ACHIEVEMENT IN 2010:
Left J.P. Morgan after 12 years to join Credit Suisse as Vice Chairman

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
I can advise my clients on which deals not to do

TIP FOR WORK-LIFE BALANCE:
Be systematic, delegate and do not hesitate to ask for help

A WORKPLACE WITHOUT WOMEN IS:
As good as life without women

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Manisha Girotra | 41 | CEO and Country Head, UBS India

Ms Moneypenny

BIGGEST ACHIEVEMENT IN 2010: **Advisor for big-ticket acquisitions**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It would be rewarding to inspire even a handful of women**

TIP FOR WORK-LIFE BALANCE: **Live in the moment and enjoy every moment that you have away from work**

A WORKPLACE WITHOUT WOMEN IS: **Unthinkable — just like food without spice**

RACHIT GOSWAMI/www.indiatodayimages.com

They don't call her the Queen Bee of Indian M&A for nothing. In 2010, Manisha Girotra, CEO and Country Head of UBS, was back at what she does best — playing a role in billion dollar cross-border transactions.

And there was plenty of action, what with nearly 44 per cent, or $24.8 billion being the share of outbound deal volume in the first nine months of 2010. Girotra got a chunk of the action when she advised Zain in Bharti's acquisition of the African telecom operator. She was also advisor to Mukesh Ambani's Reliance Industries in the acquisition of shale gas assets in the United States.

It is not just the big boys who are keeping her busy. "The most aggression and hunger for M&A is among the mid-cap companies," says Girotra. It is a good time to go shopping overseas, she adds, what with the developed economies still not out of the woods and valuations stagnant in the Western world. Girotra's mandate in India now extends beyond investment banking. She is also heading the commercial banking operations — UBS India got its first branch licence from the Reserve Bank of India in early 2008, and Girotra's focus is to have a full-service bank providing services in commercial and high-end retail banking. "The Indian corporate is very sophisticated and looking for all services under one roof," she explains. However, you don't have to be a genius to figure out what gets Girotra's adrenaline racing — the hunt for that next big deal, even if it means staying away from home on Sundays. "This is the best time to acquire," stresses Girotra. And the best time to be a deal maker.

RAJIV BHUVA

Number of times in *BT*'s Most Powerful list: **3**

Lalita Gupte | 62 | Member on boards of Nokia and Alstom; Chairperson, ICICI Venture Funds

Bean there, Counted that

BIGGEST ACHIEVEMENT IN 2010:
A berth on the board of Alstom

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
It communicates that there is a place for women in business and in leadership

TIP FOR WORK-LIFE BALANCE: **Bring the same level of efficiency in running a home as an office**

A WORKPLACE WITHOUT WOMEN IS:
Not an issue any longer

She has been there, done that — and is still doing a lot more. Sixty-two-year-old Lalita Gupte has seen it all — from the time she joined as a trainee in the project appraisal department of ICICI in 1971 to being called onto the board of Alstom of France five months ago. And she knows all about being a woman in the male-dominated business world — and how to deal with it. Ask her how she balances work and life, and she is quick to retort: "We do not see men being asked or talking about work-life balance." But she does agree that men are more empathetic these days than they were a decade or two earlier. "Men are beginning to understand that they have to contribute to things like looking after children," adds Gupte.

Gupte, who retired from ICICI Bank as a Joint Managing Director, is pursued by boards — both global and Indian — for her sheer experience in the world of finance and business, and the elaborate network she has strung together over the years. Other than Alstom and Nokia, Gupte who is also Chairperson of ICICI Venture Funds, is on the boards of Indian companies like Bharat Forge, Kirloskar Brothers, Godrej Properties, HPCL-Mittal Energy and also a small microfinance institution called Swadhaar FinServe. "I try to keep myself busy and intellectually occupied," says Gupte who has a daughter who is an architect in the United States and a son who works for a financial services firm in Singapore. "Indian professionals today have the right kind of experience to play a role in global corporations," she points out. The folks at Nokia and Alstom will agree with that.

ANAND ADHIKARI

Number of times in *BT*'s Most Powerful list: **4**

UMESH GOSWAMI/www.indiatodayimages.com

Usha Narayanan | 58 | Executive Director, SEBI

Importance of Being Earnest

Power and flamboyance are not two sides of the same coin. Usha Narayanan, Executive Director at the Securities and Exchange Board of India, will agree. She is rarely seen or heard in public forums. But Narayanan is in charge of all matters relating to foreign institutional investors, or FIIs, and the primary market. In 2010, until end-October, FII net investments had touched Rs 1,55,250 crore; and another Rs 57,356 crore had been raised through initial public offerings, or IPOs, and follow-on issues.

In September, at a merchant bankers' industry forum, Narayanan suggested that merchant bankers should measure their own performance on the basis of returns made by issues handled by them and put it up for public viewing. Reason: the negative returns from some IPOs in recent years. "Some of the issues in the past few years have not returned money to the investors, which is not a good thing if you want to sustain investor interest in IPOs," Narayanan said.

Clearly, Narayanan takes the role of the market watchdog seriously. For instance, she along with the top SEBI brass has been mulling a code for IPO advertising. Narayanan is also a member of SEBI's Takeover Regulation Advisory Committee set up in September 2009. Promoters will be eagerly waiting to hear Narayanan out when she speaks next.

RAJIV BHUVA

Number of times in *BT*'s Most Powerful list: **2**

BIGGEST ACHIEVEMENT IN 2010: **Becoming a member of SEBI's Takeover Regulation Advisory Committee**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It empowers you to make a difference in others' lives**

TIP FOR WORK-LIFE BALANCE: **Be at home both with your work and with your life**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A windowless house. Women open up new avenues of thought.**

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Akhila Srinivasan | 49 | Managing Director, Shriram Life Insurance

80:20 Vision

Akhila Srinivasan devotes roughly 80 per cent of her time to managing Shriram Life Insurance, one of the companies in the Rs 40,000 crore Shriram Group. Just 20 per cent for other activities may appear inadequate to achieve any major goal, but Srinivsan packs a punch even when she is not overseeing operations of Shriram Life Insurance, where she is Managing Director.

The Shriram Foundation started by Srinivasan, of which she is the Managing Trustee, runs a free school and a community college to train the outlying village students and youth south of Chennai. The school provides free Montessori system of education, breakfast and lunch to around 600 students up to the eighth standard; the college provides subsidised courses across verticals such as farming, vehicle maintenance and finance course tailored to requirements of non-banking finance companies. "I am passionate about education," says Srinivasan who two years ago founded an organisation, within the Foundation, called "Give Life". It currently gives educational support to the underprivileged students from other schools.

Srinivasan is also President of the Shri Shri Ravishankar University in Orissa, an honorary position. She is responsible for setting up the University from scratch, to be completed in phases by 2017. Srinivasan is targeting July 2011 to flag off an MBA course from the university; this will be followed by engineering, health sciences, law, and other curricula in the years ahead. "This university will become the Nalanda of modern India, incorporating ancient and modern wisdom," she says.

NITYA VARADARAJAN

Number of times in *BT*'s Most Powerful list: **2**

BIGGEST ACHIEVEMENT IN 2010:
Imparting depth and scale to the CSR initiatives of the Shriram Group

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
One can be a change agent and a role model and can help women to actualise their potential

TIP FOR WORK-LIFE BALANCE:
Good time management and energy management

A WORKPLACE WITHOUT WOMEN IS LIKE:
A garden without flowers

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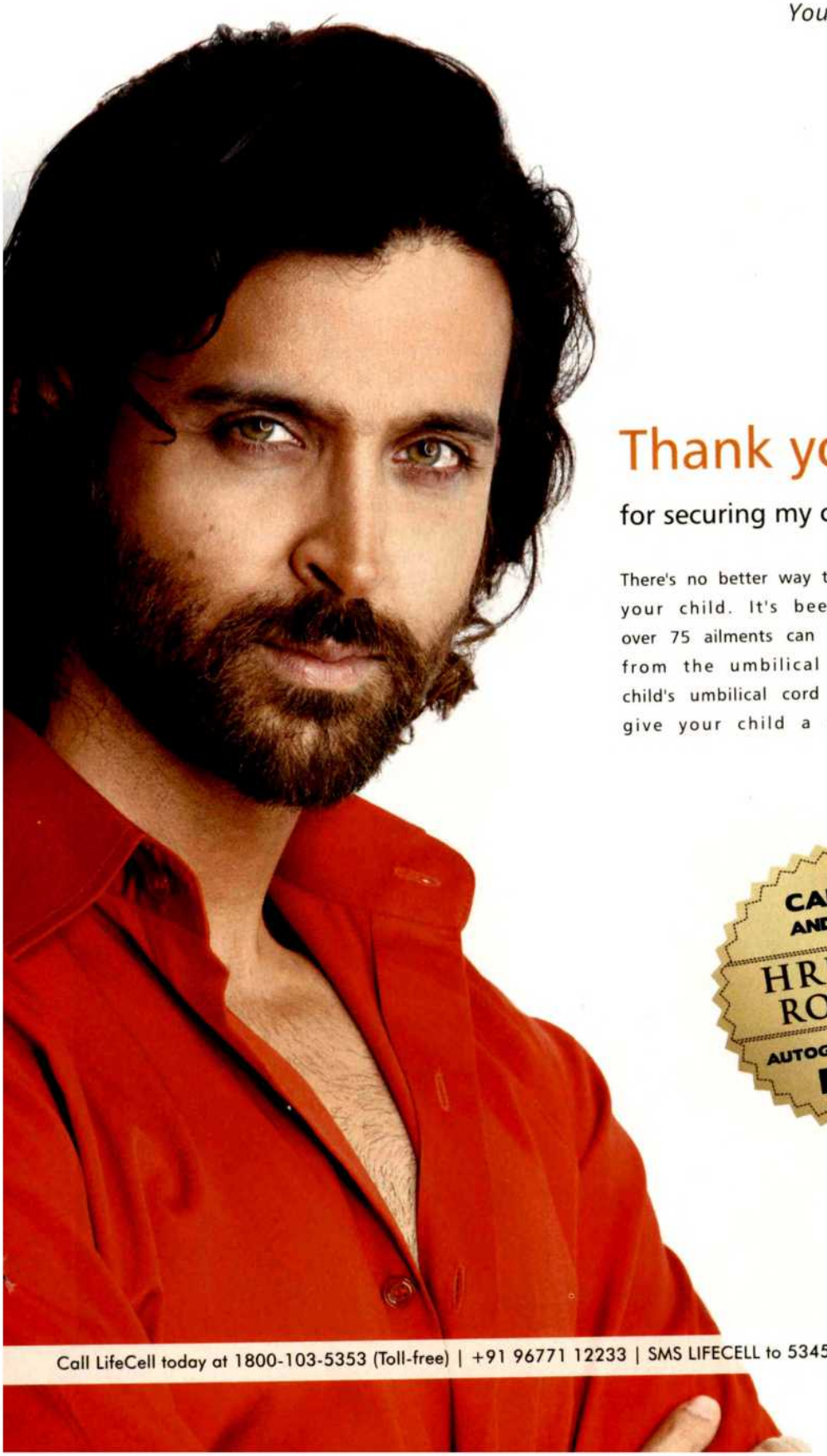

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Vinita Bali | 53 | Managing Director, Britannia Industries

The Cookie Rumbles

In the past five years, Vinita Bali has more than doubled revenues at Britannia Industries, the Bangalore-based biscuits-to-breads company, from Rs 1,500 crore to Rs 3,800 crore. The firm's nascent dairy business has quadrupled in size and she has also doubled the bakery business through a series of acquisitions, product innovations and aggressive marketing.

This growth hasn't come easy. Bali has had to deal with rising commodity prices and increasingly aggressive competition, especially from Parle Products, which has held a sizeable lead in glucose biscuits, and reportedly is in first place in the overall biscuits market, too. More than market share, however, Bali's focus is now on improving profitability. However, it isn't just business that has held Bali's attention recently. Rather, it is the formation of the Britannia Nutrition Foundation, which supports research and development of nutrition in different food categories.

Britannia has internally been fortifying its biscuits with additional nutrients, but Bali believes that this movement can be more widespread. "People used to go on asking us what our CSR plans were," says Bali, adding, "We have no skill in building a school, but we do know about food."

RAHUL SACHITANAND

Number of times in *BT*'s Most Powerful list: **5**

BIGGEST ACHIEVEMENT IN 2010:
Creation of Britannia Nutrition Foundation

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
You can be impactful within and outside business. Impact, rather than power, is key

TIP FOR WORK-LIFE BALANCE:
Have fun at work, don't let it become a burden on you

A WORKPLACE WITHOUT WOMEN IS LIKE:
A sky without stars

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NISHIKANT GAMRE

BIGGEST ACHIEVEMENT IN 2010: **Putting the largest private sector bank back on the growth path**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It is a recognition not for the self but for the team and organisation. It also becomes an inspiration for so many women in the country.**

TIP FOR WORK-LIFE BALANCE: **Start with the belief that it can be done and you will be able to do it**

A WORKPLACE WITHOUT WOMEN IS: **Incomplete**

Chanda Kochhar | 48

Managing Director & CEO, ICICI Bank

Back in the High Life

A red-eye flight followed by an early morning meeting is not an unusual routine for Chanda Kochhar — even if that flight is a 16-hour one that leaves Mumbai around midnight and lands in New York the next morning. A quick check-in and a shower later, she is off for a 9.30 a.m. meeting. When she flies back, she is not always homeward-bound. "There is invariably a packed schedule of meetings awaiting me once I land in Mumbai," says Kochhar, Managing Director & CEO, ICICI Bank .

For Kochhar, god lies in the details. So she is not averse to calling up a branch manager to discuss his targets. And she takes customer feedback very seriously, and makes it a point to read every e-mail that comes in. "Such communication gives me a direct feel of the ground-level reality," says Kochhar. The reality in the marketplace is encouraging. As Kochhar, who is targeting 15-20 per cent growth in the current year, points out: "The good times have once again begun to roll."

ANAND ADHIKARI

Number of times in *BT*'s Most Powerful list: **7**

Roopa Kudva | 47 | MD & CEO, CRISIL, Region Head, South Asia, S&P

Triple A

If I had not been here, I would have been a teacher," says Roopa Kudva, Head of CRISIL Ltd, which she claims is much more than a rating agency. CRISIL today rates close to 5,400 companies and nearly 20,000 small and medium enterprises. Kudva's high point for the year gone by was the acquisition of Chicago-based Pipal Research for $12.75 million, which will make CRISIL "a market leader in analytical offshoring". CRISIL has also extended the concept of independent equity research, which it launched last September, to over 50 companies. Equity research by market players is transaction-led and hence can be biased. But is life all about ratings and research for Kudva? "If you talk of work-life balance then somewhere it means you do not enjoy one or the other. I enjoy both," she says.

SHALINI S. DAGAR

Number of times in *BT*'s Most Powerful list: **3**

UMESH GOSWAMI

BIGGEST ACHIEVEMENT IN 2010: **Acquisition of Chicago-based Pipal Research**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It enables you to make a difference**

TIP FOR WORK-LIFE BALANCE: **Enjoy both work and non-work life**

A WORKPLACE WITHOUT WOMEN IS: **Unimaginable**

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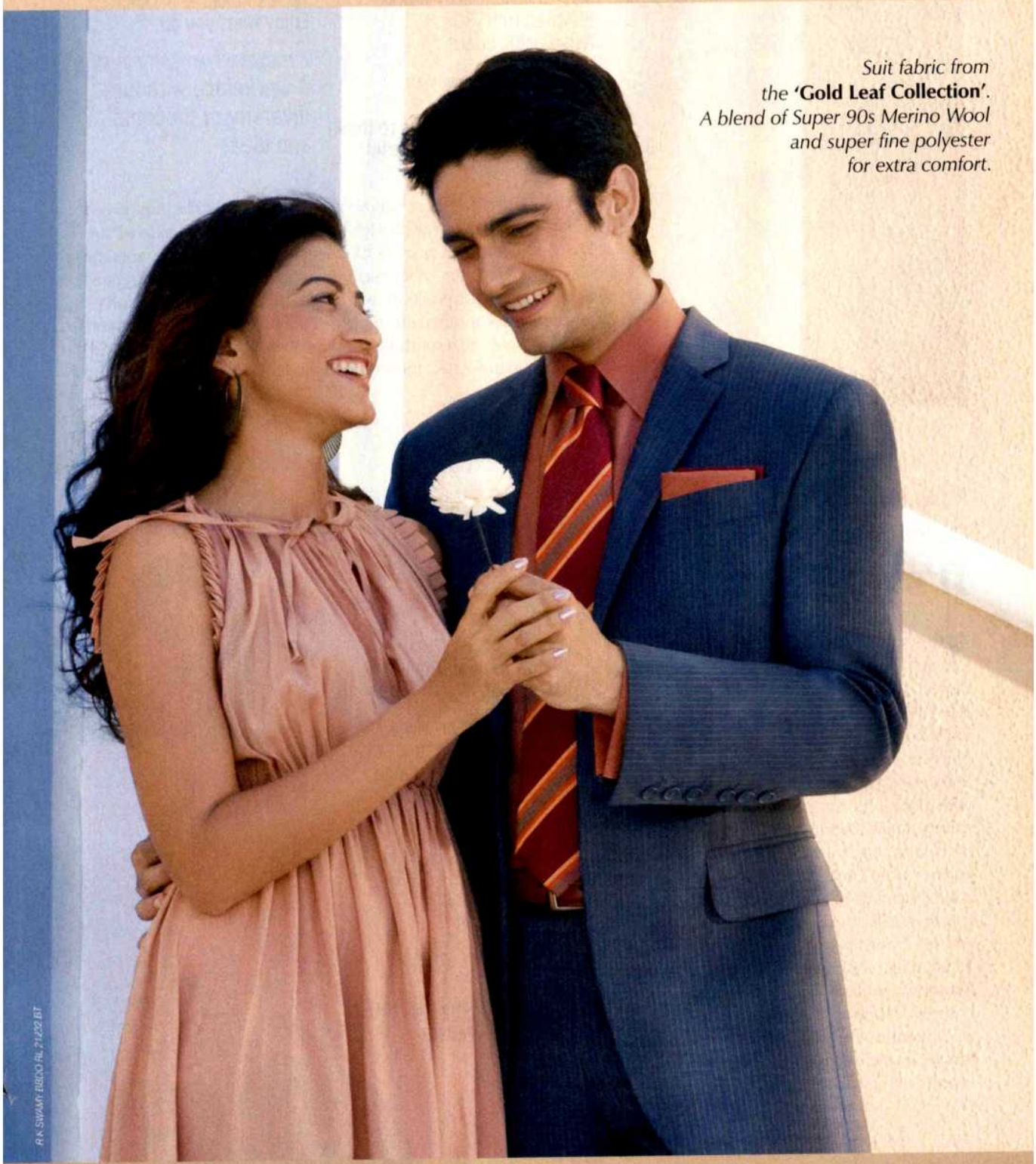

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Naina Lal Kidwai | 53 | Country Head, HSBC

Tough Enough

BIGGEST ACHIEVEMENT IN 2010:
Elevated to HSBC's Asia-Pacific board

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
You have to be powerful to think what it is like to be powerful

TIP FOR WORK-LIFE BALANCE:
Enjoy what you do

A WORKPLACE WITHOUT WOMEN IS:
A workplace without diversity of thoughts and ideas

She is one of the more famous personifications of the India growth story. Naina Lal Kidwai, Head of HSBC in India, was called to the board of Swiss foods giant Nestlé a few years ago; and in August she was elevated to HSBC's Asia-Pacific board. The region accounts for a little over half of the profits of HSBC Holdings. Kidwai has been with HSBC for eight years, a period during which the Indian banking operations have emerged the seventh-largest contributor to group profits. And the ambition to make HSBC India even more significant still burns brightly.

ANAND ADHIKARI

Number of times in *BT*'s Most Powerful list: **7**

Kiran Majumdar-Shaw | 57 |

Chairperson and Managing Director, Biocon

It's Payback Time

The April-September quarter has been a busy one for Kiran Mazumdar-Shaw, Founder of Biocon. She has been travelling across Europe and Asia to meet customers and potential clients, all the while finding new ways to grow her biotechnology business. A result of the relentless travel was visible in mid-October, when Biocon announced a deal with global pharma giant Pfizer to sell biosimilar insulin products. Biosimilars are versions of innovator biopharma drugs that are produced following patent expiry. The oral insulin products are in stage 3 of clinical trials, and Pfizer gets the rights to commercialise the biosimilar versions worldwide. For this Biocon pockets a cool $350 million—$250 million upfront. "This deal is a validation of Biocon's capabilities by one of the best names in the business," Mazumdar-Shaw told this writer a day before continuing her globetrotting, this time to Malaysia where she announced a $171-million investment in a biosimilar unit.

RAHUL SACHITANAND

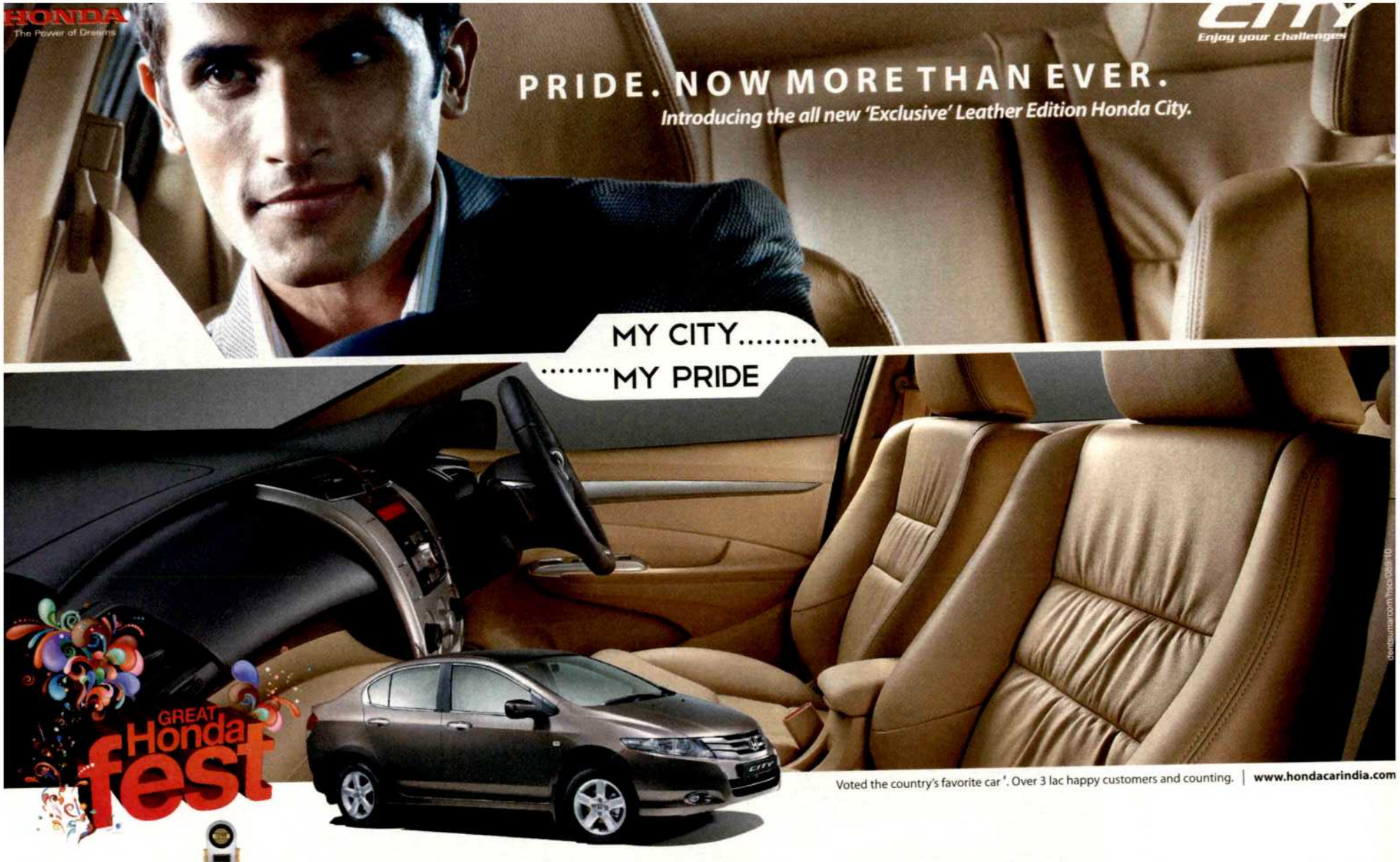
Number of times in *BT*'s Most Powerful list: **7**

BIGGEST ACHIEVEMENT IN 2010: **The $350-million insulin deal with Pfizer**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
Women will be change makers and impact society

TIP FOR WORK-LIFE BALANCE:
Take quarterly breaks, develop a hobby and work on it

A WORKPLACE WITHOUT WOMEN IS LIKE:
An economy without entrepreneurs



2+2 years Extended Warranty, 4 years Roadside Assistance. The City is available in 1.5E MT, 1.5S MT and 1.5V MT & AT. The City now available in New Urban Titanium Metallic color. *Features available only in City 1.5V. **Available only in City 1.5V MT. * HINDUSTAN TIMES - MaRS SURVEY.

Zarina Mehta | 48 |

Chief Creative Officer, UTV Broadcasting and UTV Interactive

Queen is Content

UMESH GOSWAMI

BIGGEST ACHIEVEMENT IN 2010: **Making UTV Bindass the No. 1 youth channel**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **I do not believe in being powerful**

TIP FOR WORK-LIFE BALANCE: **There is no getting away from hard work. But having a good family life can take the pressure off you**

A WORKPLACE WITHOUT WOMEN IS: **Ridiculous. Women have revolutionised the workplace.**

She has been pushing the envelope of creativity — some would argue that she is also pushing the boundaries of decency — with radical programming. Shows like *Emotional Atyachaar*, which spies on a partner and attempts to bring out infidelity into the open, have been raking in the rating points and helped UTV Bindass emerge the No. 1 channel in the youth space. "We have built our reputation and success on cutting-edge creativity," gushes Zarina Mehta, Chief Creative Officer, UTV Broadcasting, which includes, other than Bindass, channels like UTV Movies, UTV Action and UTV World Movies. UTV Broadcasting contributed close to a fourth of the total turnover of flagship company UTV Communications.

Over the past year, Mehta has also been spearheading the creative department of UTV Interactive, the new media division. Mehta and her team have been working towards creating innovative content for mobiles. "We have created two-to-four-minute-long movies and TV shows exclusively for mobiles," says Mehta. Content is king, and the queen is content.

ANUSHA SUBRAMANIAN

Number of times in *BT*'s Most Powerful list: **3**

Zia Mody | 54 |

Managing Partner, AZB & Partners

Street Legal

This writer waited for Zia Mody along with a young lady at her South Mumbai office — she had come to be interviewed at Mody's law firm, AZB & Partners. Half of those who work at AZB Partners are women. "We try and nurture young women lawyers in their careers through the difficult patches of marriage and bringing up children with sensitivity and understanding," says Mody. It is working well. AZB advised on the biggest transactions in 2010 — Bharti-Zain, Fortis-Parkway as well as Vedanta-Cairn (which has not been completed yet). "We have become one of the first points of call in any major merger and acquisition transaction," says Mody.

SUMAN LAYAK

Number of times in *BT*'s Most Powerful list: **6**

BIGGEST ACHIEVEMENT IN 2010: **Clear domination in M&A legal advisory**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It enables you to achieve change in the workplace and people listen and take you seriously**

TIP FOR WORK-LIFE BALANCE: **De-prioritise the unimportant and recognise that everything does not need micro-management**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A plant without water, a bird with one wing**

Kalpana Morparia | 61 | Chief Executive Officer, J.P. Morgan India

Show Me the Money

The boom in the markets has been treating Morparia and J.P. Morgan India well. In 2009, Morparia claims, J.P. Morgan India ranked No. 1 on the investment banking league tables. "This year we are among the top 3," she says. Morparia is also clear that business sense matters more than glory. J.P. Morgan India was not among the six investment banks that took the $3.47-billion Coal India initial public offering to investors. Morparia would rather get involved in big-ticket transactions where there is a chunky fee to be picked up — like, for instance, the $1.9-billion listing of Essar Energy on the London Stock Exchange in May. The issue price had to be lowered because of volcanic ash from Iceland and the economic crisis in Greece, but Morparia maintains that "the issue was well priced and well received." The disinvestment boom is not on her front burner. "I have a clear focus on the bottom line," says Morparia.

RAJIV BHUVA

Number of times in *BT*'s Most Powerful list: **5**

BIGGEST ACHIEVEMENT IN 2010: **J.P. Morgan India ranked amongst the top three in the I-banking league tables**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It gives you the ability to make a difference**

TIP FOR WORK-LIFE BALANCE: **For me work is life**

A WORKPLACE WITHOUT WOMEN IS: **Not only dull but also ineffective**

RACHIT GOSWAMI

RACHIT GOSWAMI

Vishakha Mulye | 41 | MD & CEO, ICICI Venture Funds

Rainy-day Woman

Eighteen months ago, Vishakha Mulye was parachuted from ICICI's general insurance subsidiary to take charge of the group's venture capital arm when a mini crisis erupted after the abrupt exit of Renuka Ramnath. It was not easy for the 41-year-old, as resignations flew on to her table in the initial days at ICICI Venture. In October last year, she raised $400 million in difficult market conditions. A year later, she was at it again, this time launching a $1 billion infrastructure fund. She has commitments of $100 million in the bag. "We will start international road shows soon," says a beaming Mulye.

ANAND ADHIKARI

Number of times in *BT*'s Most Powerful list: **3**

BIGGEST ACHIEVEMENT IN 2010: **Launched a $1-billion infrastructure fund and mobilised $400 million in a new PE fund**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **You have the ability to make a difference**

TIP FOR WORK-LIFE BALANCE: **Set priorities at work and at home and work towards achieving them with strict discipline**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A coin without two sides**

Swati Piramal | 54 | President ASSOCHAM; Director, Piramal Healthcare

Lady Pluck

Swati Piramal, President of industry body Assocham, believes the opinions communicated by the business chambers in India are often the ones forwarded by the most active members. "I goaded the chamber to get views of all the stakeholders, not just the ones who are most active," says Piramal.

A director at Piramal Healthcare and Vice Chairperson at Piramal Life Sciences, Piramal saw her company seal the largest ever in-bound pharma deal so far when Piramal Healthcare sold its domestic formulations business to Abbott for Rs 17,000 crore. However, Piramal is more kicked about her achievements at Assocham. As the first woman to head an apex chamber in India, Piramal had insisted that the 100 sub-committees at Assocham this year should be headed by women. And she claims that these 100 women — from Naina Lal Kidwai to Juhi Chawla — have made a difference. "There is a way in which a woman approaches a job," notes Piramal.

SUMAN LAYAK

Number of times in *BT*'s Most Powerful list: **7**

BIGGEST ACHIEVEMENT IN 2010: **Making ASSOCHAM seek out opinions instead of waiting for opinions to come in**

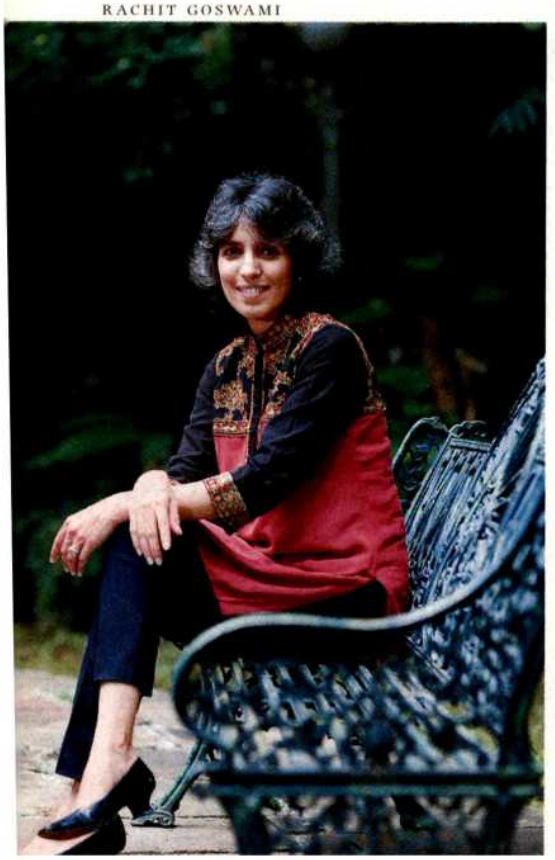
BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **Women have this inclusive way of finding solutions**

TIP FOR WORK-LIFE BALANCE: **If your work is a source of joy, life finds its balance**

A WORKPLACE WITHOUT WOMEN IS LIKE: **Life without colours**

UMESH GOSWAMI

RACHIT GOSWAMI



Meher Pudumjee | 44 | Chairperson, Thermax Ltd

Her Day in the Sun

She isn't your regular corporate CEO — Meher Pudumjee, Chairperson of Thermax Ltd, eschews management jargon, and does not think it is a big deal to be "powerful." "I do not like the word." When it comes to strategy and execution, however, she is bang on the money. Right now, she has her hands full repositioning Thermax as a sustainable energy and environment solutions company. The company recently designed a unit to provide solar power to a village in Maharashtra in a public-private partnership.

ANUSHA SUBRAMANIAN

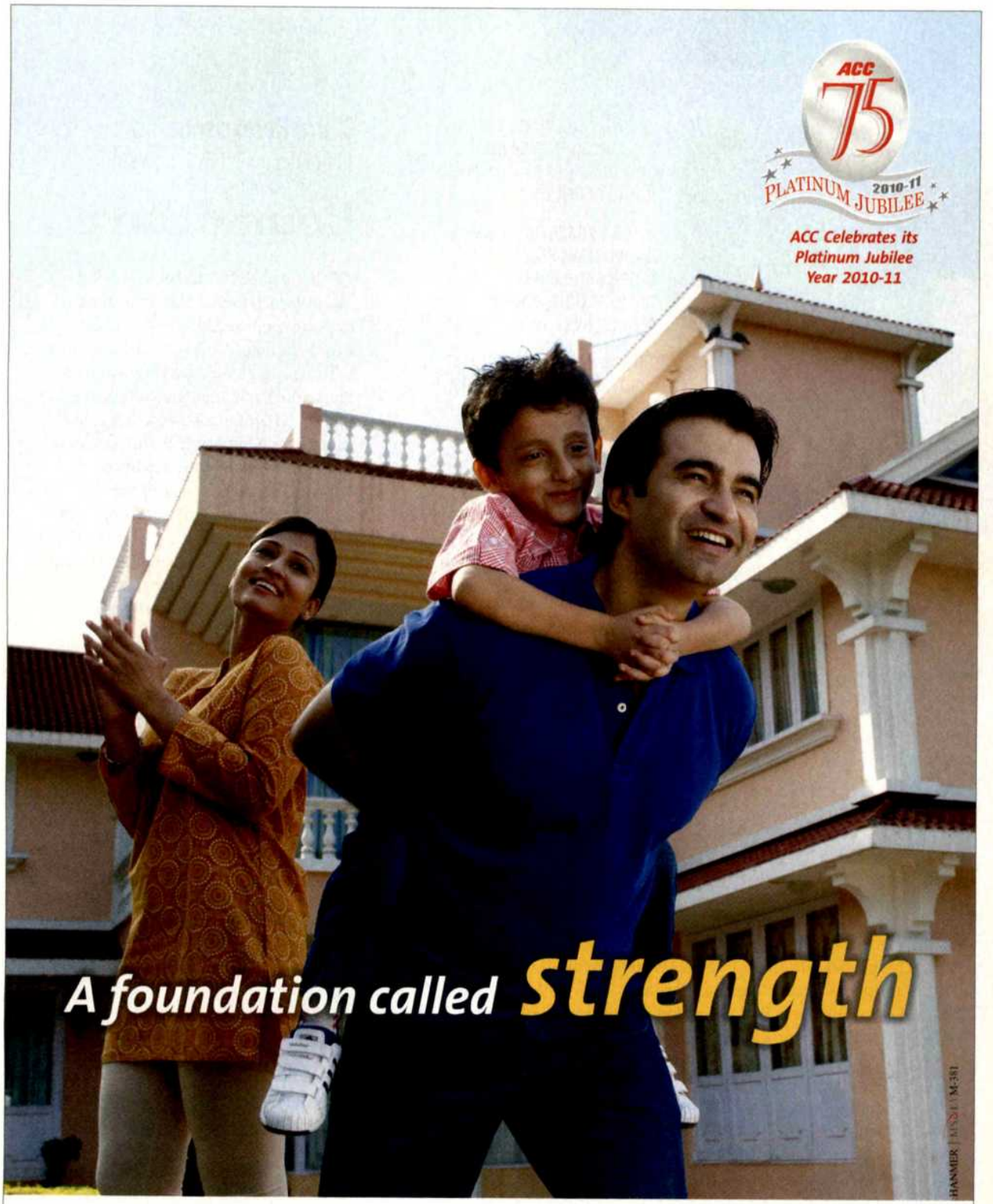
Number of times in *BT*'s Most Powerful list: **2**

BIGGEST ACHIEVEMENT IN 2010: **Focusing on sustainable energy**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **Powerful to me is being a good human being and making a difference**

TIP FOR WORK-LIFE BALANCE: **Delegate instead of doing it all by yourself**

A WORKPLACE WITHOUT WOMEN IS LIKE: **Missing out on 50 per cent of the world's population**



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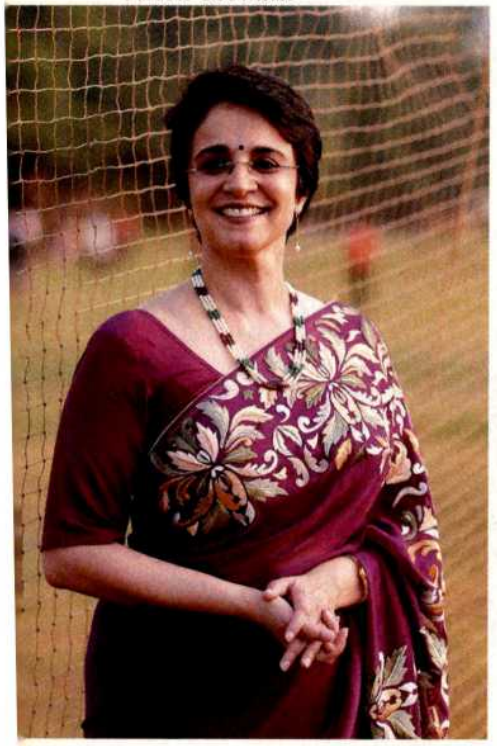

BIGGEST ACHIEVEMENT IN 2010: **Incubated several new business models with ICICI Securities**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It helps me make a positive difference in others' lives**

TIP FOR WORK-LIFE BALANCE: **Enjoy doing what you like and have a family that supports you**

A WORKPLACE WITHOUT WOMEN IS: **A constraint to growth**

Madhabi Puri Buch | 44

Managing Director and CEO, ICICI Securities

Different Strokes

It may be one of the oldest clichés in the book, but Madhabi Puri Buch "looks to make a difference in whatever I do." As CEO of ICICI Securities, or I-Sec, she is doing exactly that. Over the past year, I-Sec has incubated several innovative business models. "We have a team called the ICICI Securities Entrepreneurial Group that has come up with some interesting business models. We are reinventing the traditional investment banking business," says Buch.

For instance, the institutional broking division's research wing currently tracks about 150 companies. One of the newly-incubated models can create and generate research for 5,000 unlisted and listed companies. "We have been able to democratise research," says Buch.

In the private equity intermediation space I-Sec has set up a special team to tap the sub-$10 million fund-raising market, which remains largely fragmented and unorganised. The team, which is working on pilot transactions, will help small enterprises and start-ups raise growth capital. Buch has also founded the Toofles Foundation, which aims to create a "revolution in giving" by hand-holding people who want to donate but do not know how to go about it. She is making a difference, differently.

ANUSHA SUBRAMANIAN

Number of times in *BT*'s Most Powerful list: **5**

Chitra Ramkrishna | 47

Joint Managing Director, NSE

Bourse Force

The year 2010 has been a year of outreach for the National Stock Exchange, or NSE, the country's largest equities market. Through recent tie-ups with Chicago-based CME Group and the Singapore Exchange, the NSE is going one-up on upstarts like MCX-SX. Chitra Ramkrishna, unarguably India's most powerful woman in the lucrative exchanges space, shrugs off the competition as inevitable. "Competition is an integral part of the evolution of any industry and in the same vein we take it in our stride," says Ramkrishna who, last September, was elevated to Joint MD from Deputy MD at the NSE.

T.V.MAHALINGAM

Number of times in *BT*'s Most Powerful list: **3**

BIGGEST ACHIEVEMENT IN 2010: **Taking NSE into overseas markets**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **It helps you take the right decisions and helps you to empower others**

TIP FOR WORK-LIFE BALANCE: **Good time management**

A WORKPLACE WITHOUT WOMEN IS: **Difficult to imagine**

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H.K. RAJASHEKAR

Preetha Reddy | 53 | MD, Apollo Hospitals Group

Even on a Sunday...

Seven days a week — Preetha Reddy works Sundays too. "Our father always tells us sickness has no holiday," says the 53-year-old heir apparent and eldest among the four daughters of Apollo Hospitals Group founder Dr Prathap C. Reddy. In the past year the Apollo Group commissioned five hospitals and took the total bed strength to 8,000. "Being the largest is not about the number of beds or the number of people we treat but about delivering cutting-edge quality in each case handled and excelling at that," says Reddy.

E. KUMAR SHARMA

Number of times in *BT*'s Most Powerful list: **6**

BIGGEST ACHIEVEMENT IN 2010:
Commissioning five hospitals in the past year and taking the total bed strength to 8,000

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
It enables you to make a difference in people's lives

TIP FOR WORK-LIFE BALANCE:
Make it seamless

A WORKPLACE WITHOUT WOMEN IS:
The worst place to be in. Women have a different perspective of looking at things.

Shikha Sharma | 51

MD & CEO, Axis Bank

'I'm Every Woman'

Is it lonely at the top? If you ask Axis Bank's chief Shikha Sharma this question, you are likely to get an honest answer. "At one level, it is (lonesome)," says Sharma, who left her comfort zone in the ICICI Group 18 months ago, where she worked for almost three decades, to head the country's third-largest private sector bank. "It is lonely because you cannot pass the buck to others," she says.

A year-and-a-half at Axis is enough time for Sharma to talk about the changes she has spearheaded. "I have sharpened the focus a bit," she lets on. For three to five years, she says, infrastructure will be a significant opportunity. It will not be the only one. "...increasing levels of savings and consumption will lead to the growth of retail-oriented businesses," believes Sharma, adding, "Our strategy at Axis is to pursue profitable growth in the areas that will lend momentum to the economy."

ANAND ADHIKARI

Number of times in *BT*'s Most Powerful list: **7**

RACHIT GOSWAMI

BIGGEST ACHIEVEMENT IN 2010:
Making Axis a consistent performer at a time when most banks took a hit

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE:
Power has the ability to make a difference

TIP FOR WORK-LIFE BALANCE:
Treat family, work and home pretty much the same way

A WORKPLACE WITHOUT WOMEN IS LIKE:
A place sans diversity. Diversity brings value to the workplace.

H.K. RAJASHEKAR

Mallika Srinivasan | 51 | Director, TAFE

High Traction

BIGGEST ACHIEVEMENT IN 2010: **Became the world's No. 3 in tractor sales**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **I can bring everybody together to share my vision and make a unified impact on society**

TIP FOR WORK-LIFE BALANCE: **Have an open mind, be flexible, choose an area of work you enjoy doing**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A society without women**

It is difficult to imagine anybody — man or woman — being obsessive about tractors. But, for Mallika Srinivasan, tractors are her passion, as is Tractors and Farm Equipment, or TAFE, the company of which she is a director. That passion is reflected in the huge strides taken by TAFE. In financial year 2010 the Chennai-headquartered unlisted company became the third-largest tractor company in the world — only behind Mahindra & Mahindra and John Deere — a jump of two positions since a year ago.

One big contributor to that growth has been the success of the export strategy — TAFE sells to 40 countries, with exports accounting for 15 per cent of sales. Along with exporting out of India, TAFE has also put up a unit in Turkey to make tractors. And overseas sales are not a matter of out-of-sight, out-of-mind, explains Srinivsan. "A tractor is not a product that can be sold and forgotten; it has to be serviced over a very long life cycle," she points out. That's where the passion comes handy.

NITYA VARADARAJAN

Number of times in *BT*'s Most Powerful list: **7**

Sangeeta Talwar | 54

MD, NDDB Dairy Services

Milk Route

As Managing Director of NDDB Dairy Services, which is based on the National Dairy Plan, Sangeeta Talwar's mandate is to usher in the second White Revolution by doubling the country's milk production to 200 million tonnes over the next 10 years. "It is the father of all challenges. I call it BHAG, short for 'big, hairy, audacious goal', but it's exciting," she says, adding that there is immense scope to create value for farmers. "I have spent many years in building brands. However, doing something for rural India requires a different approach and learning," says Talwar, who started her career with Nestlé India where she launched the Maggi brand.

MANU KAUSHIK

Number of times in *BT*'s Most Powerful list: **3**

SHEKHAR GHOSH

BIGGEST ACHIEVEMENT IN 2010: **Creating sustainable structures and value in an inclusive format at NDDB**

BEING A POWERFUL WOMAN IS IMPORTANT BECAUSE: **You can influence and empower others to achieve and excel**

TIP FOR WORK-LIFE BALANCE: **Really "live" life — engage with it deeply every moment**

A WORKPLACE WITHOUT WOMEN IS LIKE: **A dull, grey winter morning with no warmth, no cheer**

You curl it,
you damage it.

The Next 30

There is no dearth of power women waiting in the wings.

BY ANUMEHA CHATURVEDI and MANU KAUSHIK

Sonal Agrawal, CEO, Accord Group

She hails from the First Family of recruiting. Her father Bish Agrawal co-founded ABC Consulting and her husband Tarun Bali co-headed Manpower India. But Agrawal is known to have risen up the ranks simply through hard work. At her sought-after executive search firm Accord, Agrawal has helped make top hires at NM Rothschild and Deutsche Bank.

Nita Ambani, Chairperson, Dhirubhai Ambani International School

Ambani retains a strong identity outside of just being the wife of the country's richest man. She heads a non-profit organisation, the Dhirubhai Ambani Foundation, and is closely managing the Dhirubhai Ambani International School in Mumbai. Her investment in IPL team Mumbai Indians has shown her to be a savvy investor, too.

Anita Arjundas, CEO, Mahindra Lifespaces

Arjundas joined the group as Vice President, Marketing, Mahindra World City, and played a key role in its success. The sprawling city, spread over 1,550 acres, became the country's first operational special economic zone. Responsible for the business of residential, commercial, and special economic zones, she keeps a tight leash on pricing.

Punitha Arumugam, CEO, Madison Media

One of the most influential women in media is actually a Masters in Forensic Science. Clearly, that has never been an obstacle — her rise after joining Madison as Media Services Director in 2000 has been meteoric. Currently Group CEO for India, Arumugam has helped Madison grow from a two-client agency to one with over 30 blue chip clients today.

Shruti Bajpai, Country Head, HBO

Bajpai joined HBO when the channel launched in India and, over the past ten years, has learnt and grown with it. Promoted to Country Head in 2004, she has pushed HBO to diversify its programming with documentaries and original shows. Credit to her, HBO remains right up there in a market that boasts 350 channels, six DTH players and seven international movie channels.

Lara Balsara,

Business Development and Diversification Manager, Madison World

The petite and pretty Lara is a sharpshooter. She identifies new opportunities for her father Sam Balsara's communications group, Madison World. Under her, Madison inked a 50:50 joint venture with UK ad agency Beattie McGuinness Bungay to launch the latter in India. Madison's advertising business will be merged into the new JV, on whose board Lara has a berth.

Anjali Bansal, Managing Partner, Spencer Stuart

The former McKinsey consultant is a member of Spencer Stuart's global board services practice and advises on CEO, senior executive search and governance and succession issues. Bansal has helped hire marquee names like Jeya Kumar, CEO of Patni Computers and Arun Tadanki, MD of Yahoo! India.

Anuradha Desai, Chairperson, VH Group

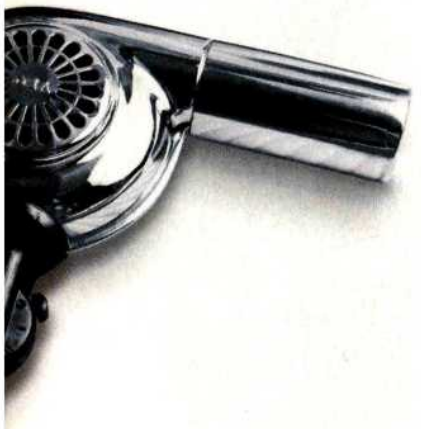
Desai took Venky's from a Rs 400-crore poultry brand in 2007, to a Rs 700-crore brand in 2010. Under her stewardship, the company also expanded its footprint outside India, to countries like Bangladesh and Vietnam. Now, to increase its international visibility, the group is set to buy the English Premier League club Blackburn Rovers.

Saagarika Ghosal, CPO, Reliance BIG Entertainment

Undoubtedly one of the most innovative and result-oriented HR practitioners in the country, this Chief People Officer's impressive working style has helped her reach the top of the corporate ladder in a career spanning over 20 years. In the past, she has worked with diverse companies such as Jet Airways, RPG and Bharti Airtel, before joining the flagship media and entertainment arm of the Reliance Anil Dhirubhai Ambani Group.

You gel it,
you damage it.

You straighten it,
you damage it.



Nisa Godrej,
President, Human Capital and Innovation, Godrej Industries

One of only two Indian women to have made it to the *Forbes* annual list of ten billionaire heiresses to watch for this year is the daughter of Godrej Group Chairman Adi Godrej. An MBA from Harvard Business School, she has played a key role in revamping the company's existing portfolio. Nisa is also closely involved in the selection and development of top management, and has been instrumental in setting up a strategy cell for Godrej.

Dipali Goenka, Director, Welspun Retail

She is the brains behind Welspun Retail, India's largest specialised home textile chain, which has more than 150 stores across 110 cities. Under Goenka's leadership, Welspun acquired Britain's leading towel brand, Christy, and turned around the loss-making business. Now, Goenka, a psychology graduate, is busy expanding her company's rural footprint.

Nandita Gurjar, Senior Vice President and Group Head, Human Resources, Infosys Technologies

With demand for IT services back, Infosys plans to add another 40,000 employees this fiscal year. Given her proven track record, Gurjar would likely relish the challenge. After joining the company in 1999, she was instrumental in scaling up Infosys BPO as its business grew to $250 million. She has come a long way since then.

Archana Hingorani, CEO, IL&FS Investment Managers

Hingorani heads India's largest, and only, listed private equity company. IIML merged with Saffronart in July this year and the merger added another $400 million to its assets under management, taking the total figure to $3.2 billion. Hingorani, an MBA and PhD from the Katz Graduate School of Business, has been with the IL&FS Group for 13 years, and was involved with pioneering transactions in the infrastructure space.

Shobana Kamineni, Executive Director, Special Initiatives, Apollo Hospitals Group

Kamineni will likely head the Apollo Hospitals Group's wellness segment — surely, where the money is. Though Apollo has only one wellness centre at its Chennai hospital, it is expected to start more centres at Hyderabad and Lavasa, where it has a 200-acre land bank. Earlier, she had spearheaded the group's health insurance foray.

Punita Lal, CEO Designate, PepsiCo-Tata Global Beverages JV

Lal will head a powerful combine of beverage giants with a brief to target health and wellness. Joining PepsiCo India in 2004, she helped devise the marketing strategy for its beverage brands across countries in the subcontinent. A St. Stephen's and IIM Calcutta alumnus, Lal began her career in advertising with Lintas.

Deepa Misra Harris, Vice President Marketing, Taj Hotels Resorts and Palaces

Harris heads the marketing function across all four brands of the hotel chain. A former journalist, she began her career with the Taj Hotels in 1983 as a sales executive, but joined the marketing team five years back. Her role might become all the more crucial with more foreign players entering the Indian market.

Suparna Mitra, Global Marketing Head, Titan Industries

Mitra takes care of the marketing initiatives of Titan and all its sub-brands, such as Raga and Nebula. She also manages the company's Swiss premium brand Xylys. From "what's your style" to the current "be more" tagline, Suparna has been instrumental in repositioning the Titan brand. A graduate from IIM Calcutta, Suparna started her career with Hindustan Lever.

Anisha Motwani, CMO, Max New York Life

Prior to joining Max New York Life in 2007, Motwani was Director, Marketing at General Motors, where she was honoured with the best marketing employee award for Asia Pacific. And within months of joining what she calls the sunrise industry, Motwani changed the slogan of Max New York Life to *Karo Zyaada Ka Iraada*. It clicked, and how.

Vibha Paul Rishi,
Group Strategy & Consumer Director, Future Group

Ending her fast-track career at PepsiCo three years back, Vibha Paul Rishi started a fresh innings in March this year. Rishi, an alumnus of Delhi's FMS, spent 17 years in PepsiCo and was its marketing head in India before moving to the US in 2003. Prior to joining the Future Group, she was involved with education charity Pratham.

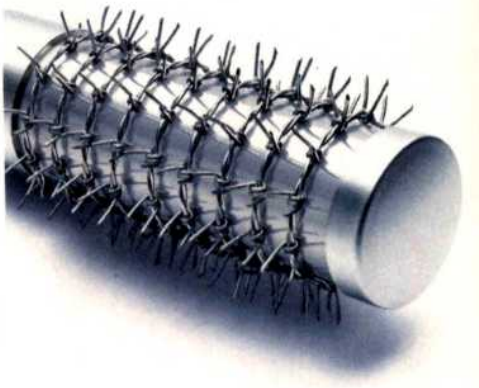
Sangeeta Pendurkar, Managing Director, Kellogg India

Her new role isn't an easy one. A leader in the market, Kellogg India has been facing competition from companies like PepsiCo, Marico and private label brands launched by big retailers. But her diverse experience with companies like HSBC Bank Middle East, Hindustan Unilever and Kimberly Clark should stand her in good stead.

You brush it,
you damage it.

How many times
have you damaged your hair
from the inside in your quest
to make it beautiful
on the outside?

Think about it.



Worried about hair damage?

Something special awaits you.

Radhika Piramal,
Managing Director, VIP Industries

Harvard Business School graduate Radhika Piramal took charge as the Managing Director in February this year, and hopes to impart a more youthful character to the brand. Ajay Piramal's VIP, the world's biggest luggage maker after Samsonite, has for long been sandwiched between the latter and the low-end unorganised sector. Piramal, who began her career with VIP in 2001 as a brand manager, is aiming at a multi-brand, multi-location strategy. This October, VIP terminated distribution of French luggage brand Delsey in a bid to focus on its own brands.

Nandini Piramal, Executive Director, Piramal Healthcare

Piramal has played a key role in the overseas business of Piramal Healthcare. As General Manager, Strategic Marketing, she helped in the implementation of Operational Excellence Projects at the company's overseas locations in the UK and Canada. In September, US healthcare company Abbott Laboratories acquired Piramal Healthcare's domestic pharma business.

Sangeeta Prasad, COO, Mahindra World City Developers

As COO of the company, she has been actively involved in developing and promotion of the two integrated business cities at Jaipur and Chennai. Designed on a work-live-learn-play format, the Chennai SEZ has already attracted around 50 corporate giants such as Infosys, Wipro and BMW. Prasad has experience in dealing with multiple external stakeholders, customers, suppliers and government agencies.

Apurva Purohit, CEO, Radio City

She built Radio City from scratch. Well, almost. The now-popular brand had just four stations when Purohit joined in 2005, and the number is well over 20 today. Many have broken even, and most, like Radio City Bangalore, are leaders in their cities. Purohit, an IIM Bangalore graduate, has seen all sides of the table — from agency, to television, to radio. She was instrumental in setting up FCB-Ulka's media arm and has managed brands like Zee and Zoom.

Suneeta Reddy, Executive Director Finance, Apollo Hospitals

Besides strengthening the Apollo Hospitals Group's position as an integrated healthcare provider network, Reddy is also involved in discussions with Malaysian sovereign wealth fund Khazanah Nasional Berhad to explore partnerships in the Asean region. Suneeta is also chairperson of Aircel Cellular and on several companies' boards.

Sangita Reddy,
Executive Director, Operations, Apollo Hospitals

The youngest of the four daughters of Prathap C. Reddy, founder of Apollo Hospitals Group, Sangita looks after the operations of Asia's largest hospital network with over 8,000 beds across 50 hospitals. Under her direction, the group ventured into new areas such as Apollo Health Street (offshore service provider of low-cost management systems, offering back-office support to healthcare providers and payers) and Apollo Reach, a project to build a chain of super-specialty hospitals in semi-urban cities and rural towns.

Devita Saraf, CEO, Vu Televisions and Executive Director, Zenith Computers

Devita Saraf doesn't believe in resting on her laurels. While her father Raj Saraf founded the mass market-focused PC brand Zenith, Devita came into her own by launching luxury brand, Vu Technologies. She also writes an online column for *The Wall Street Journal* and is FICCI's youngest Executive Committee member.

Monica Tata,
VP and Deputy General Manager, Entertainment Networks, South Asia, Turner International India

Tata's role involves running diverse businesses such as development of kids' entertainment (*Cartoon Network, POGO, Galli Galli Sim Sim*) and enhancing the English entertainment segment (Warner Bros). Tata had a 12-year stint at STAR India, before moving on to Turner India.

Deepika Warrier,
Marketing Director, Beverages, PepsiCo India

When PepsiCo India rejigged its top management in July, Warrier was elevated to head the company's high-profile beverages portfolio, which includes brands such as Pepsi and Miranda. As Marketing Director, the IIM Bangalore alumnus launched snack brand Aliva last year and strengthened the position of Quaker Oats, Kurkure and Lay's.

Ashvini Yardi, Programming Head, Colors

Whether it was in her previous stint at Zee TV or now at Colors, Yardi seems to have her finger on the pulse of the Hindi-speaking audience. The results are for all to see. Within a few weeks of its launch in July 2008, Colors climbed to the top position in the Hindi general entertainment channel category, pushing comers to the background.

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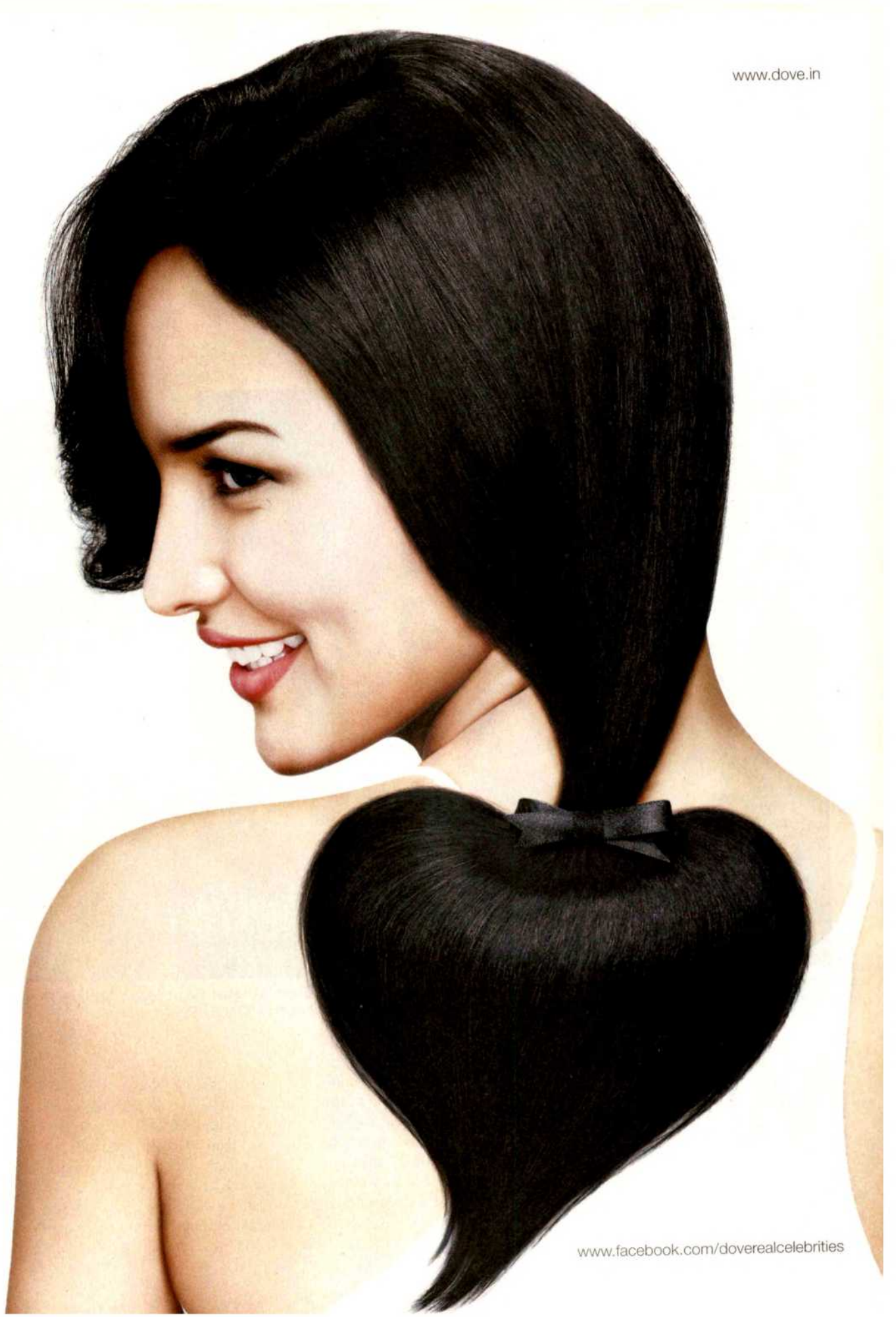
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Power to Perform

A handful of organisations wants more women in high places. BY SHAMNI PANDE

NISHIKANT GAMRE/www.indiatodayimages.com

Senior women executives in M&M Group: (from back, clockwise) Usha Amonkar, Sangeeta Prasad, Beroz Gazdar, Sandhya Sharma, Anita Arjundas, Prochie Mukherji and Roma Balwani with Rajeev Dubey, President (Group HR & After-Market)

When Vinita Bali joined Britannia Industries in 2006 as CEO, there were just three women out of 192 managers at the Bangalore-headquartered foods company. The story is a bit different today. Britannia has 42 women managers out of a total of 265. At the entry level half of those recruited are women. "There is still some way to go," says 53-year-old Bali. "Although 22 per cent of our staff are women, ideally we would like the gender ratio to be 1:1."

Are Britannia, Bali and the good maidens at the biscuits major an aberration in corporate India? The statistics may tend to suggest so. A study by EMA Partners, a global senior executive search firm, reveals that just 11 per cent of 240 large companies in India have women as CEOs. A report

called *Women on Corporate Boards in India 2010* by Standard Chartered Bank points out that only 5.3 per cent of the board positions at the companies that constitute the BSE-100 are held by women. If that wasn't enough, a recent global report on gender gap by the World Economic Forum ranks India 128th out of 134 countries on the parameter of "economic achievement in involving women and offering them adequate opportunities".

Padma Ravichander, a former head of Mercer India, shared her experience at a recent closed-door "Women Leaders Forum" hosted by leading executive search firm, Spencer Stuart: "Through my 27 years in IT, until as recently as two years ago, I would be the single female representative amongst a horde of men in the boardroom. I must admit the road is lonely and difficult but what got me through was sharing everything with my family and children."

Not enough women in high places is not just India Inc's problem. For instance, just three per cent of companies that make up the *Fortune* 500 have women CEOs. In the United Kingdom, the FTSE 100 companies have only four women at the top. Bali, a former Cadbury's and Coca-Cola executive, is no stranger to being a minority in the boardroom. She was the only director on the boards of Coca-Cola in Nigeria and South Africa and only the third category president ever at Coke. However, back home Bali believes things are changing quickly. "We want our company to be a microcosm of the society we operate in," she says. "There is a backlog, but we're headed in the right direction."

"Many organisations today are seeking to improve their gender diversity count in their leadership ranks...we have already prepared a shortlist of women leaders," says Sonal Agrawal, Chief Executive, Accord Group, a search firm that specialises in hunting CXOs. "Of course, no one will hire women just to correct numbers. Their merit is the eventual qualifier. It is the overall fit that mattters the most," says Anjali Bansal, Managing Partner, Spencer Stuart India.

An organisation that has made significant progress in having women leaders at various levels is ironically one that is famous for its rugged vehicles that drip more of machismo rather than of daintiness. Tractor and commercial vehicle, or CV, maker Mahindra & Mahindra, or M&M, has two women leading operations at two key companies, both in real estate development: Anita Arjundas is MD & CEO of Mahindra

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Sonal Agrawal, Chief Executive, Accord Group

"Many organisations are seeking to improve their gender diversity count..."

RACHIT GOSWAMI/WWW.INDIATODAYIMAGES.COM

Anjali Bansal, Managing Partner, Spencer Stuart India

"No one will hire women just to correct numbers"

Lifespaces; and Sangeeta Prasad is COO at Mahindra World City Developers. The punch line: The M&M designer who played a key role in blueprinting the Scorpio CV is a woman — Kripa Ananthan, who oversees styling and designing at the CV maker. Marketers may seek to woo prospective male buyers to CVs with ads depicting ruggedness and bluster. But the fact of the matter, at least at M&M, is that the vehicle targeted at males went through the deft touches of a woman when it was on the drawing board.

Some 14.5 per cent of M&M's employees across the globe are women. The company firmly believes that gender diversity is essential for innovation. "We believe diversity will go a long way in driving our vision," says Rajeev Dubey, President (Group HR & After-Market) & Member of Group Executive Board, M&M. Encouragingly, women are willing to make a break with tradition and join manufacturing and core sectors that were hitherto considered the sole purview of men. At carmaker Maruti Suzuki, for instance, the gender ratio has changed drastically in the past few years. "Compared to three years ago, our female employee numbers have doubled, as the auto industry increasingly becomes a preferred choice as a career option for women," points out S.Y. Siddiqui, Managing Executive Officer-Administration (HR, Finance & IT) at Maruti Suzuki India.

It helps when women who are heading some of India's most respected corporations take the initiative to get more women on board. As Bali says: "Successful icons give women entering the business the reassurance that they too can make an impact." Lintas Media Group, which has Lynn de Souza at the helm, has rolled out an internal media campaign called "Equal and Opposite" to improve gender balance in leadership roles. The project is being driven by the Women's Leadership Network of the Interpublic Group, Lintas's international holding company. Adds Leena Nair, Executive Director, HR, Hindustan Unilever, the first woman to enter the boardroom at the consumer goods and foods giant. "Through my career I have been led by senior women role models and today the women in my organisation experience the same phenomenon."

WITH INPUTS BY ANUSHA SUBRAMANIAN AND RAHUL SACHITANAND

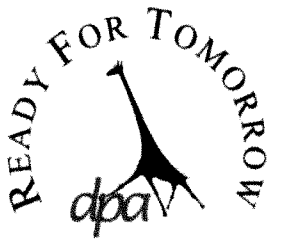
O WOMAN, WHERE ART THOU?

Few women make it to the top in business...

- Just 11 per cent of 240 large companies in India have women CEOs, according to a study by EMA Partners
- Only 5.3 per cent board positions on India's BSE-100 companies are held by women, reveals a report from Standard Chartered Bank
- A recent report by the World Economic Forum ranks India at 128 out of 134 countries on the parameter of involving women and offering them adequate opportunities

... although a few companies are trying to change that

- 14.5 per cent of M&M's global workforce of 1.2 lakh are women. The endeavor is to take that number up to 50 per cent
- Maruti has doubled the number of women in the workforce over the past three years
- 22 per cent of Britannia's employees are women; CEO Vinita Bali wants to take that up to 50 per cent
- 50 per cent of the 250 lawyers at AZB & Partners are women



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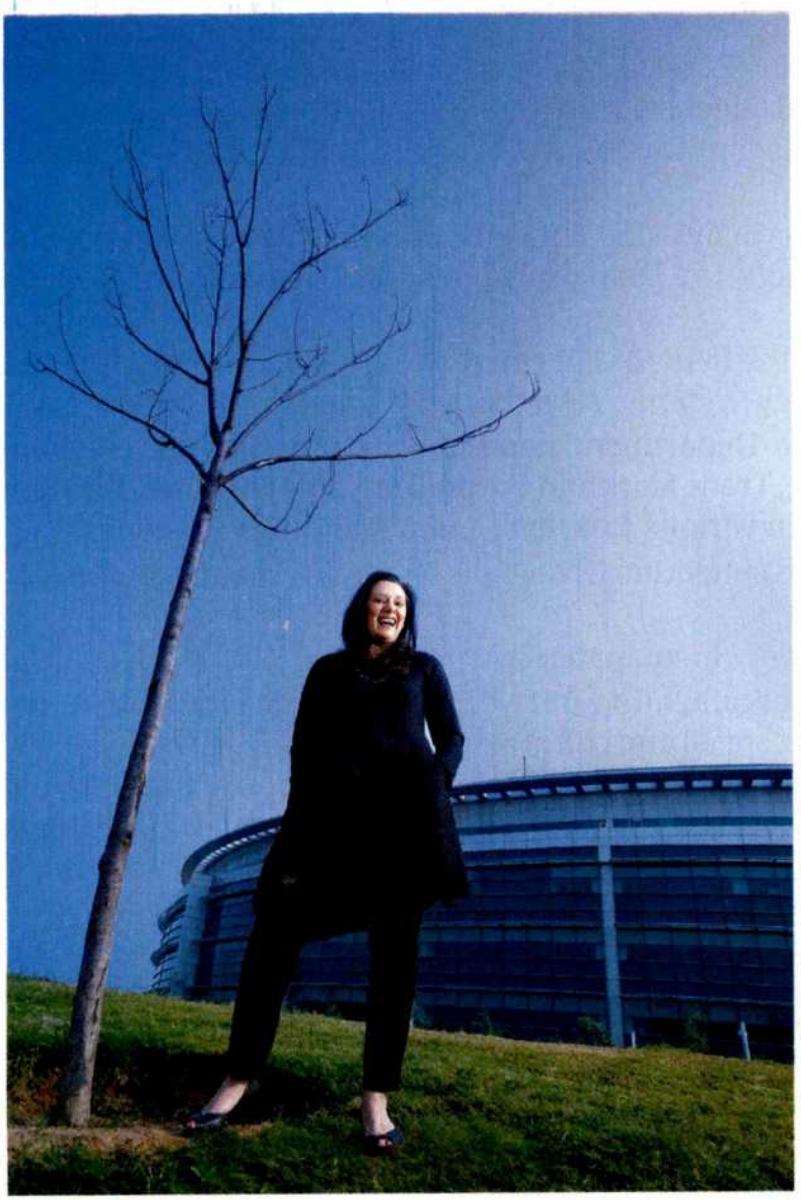
FLYING Solo

Women are taking to the entrepreneurial world with gusto.

BY SHALINI S. DAGAR



VIVAN MEHRA/www.indiatodayimages.com

Shailja Dutt | 39 | Stellar Search

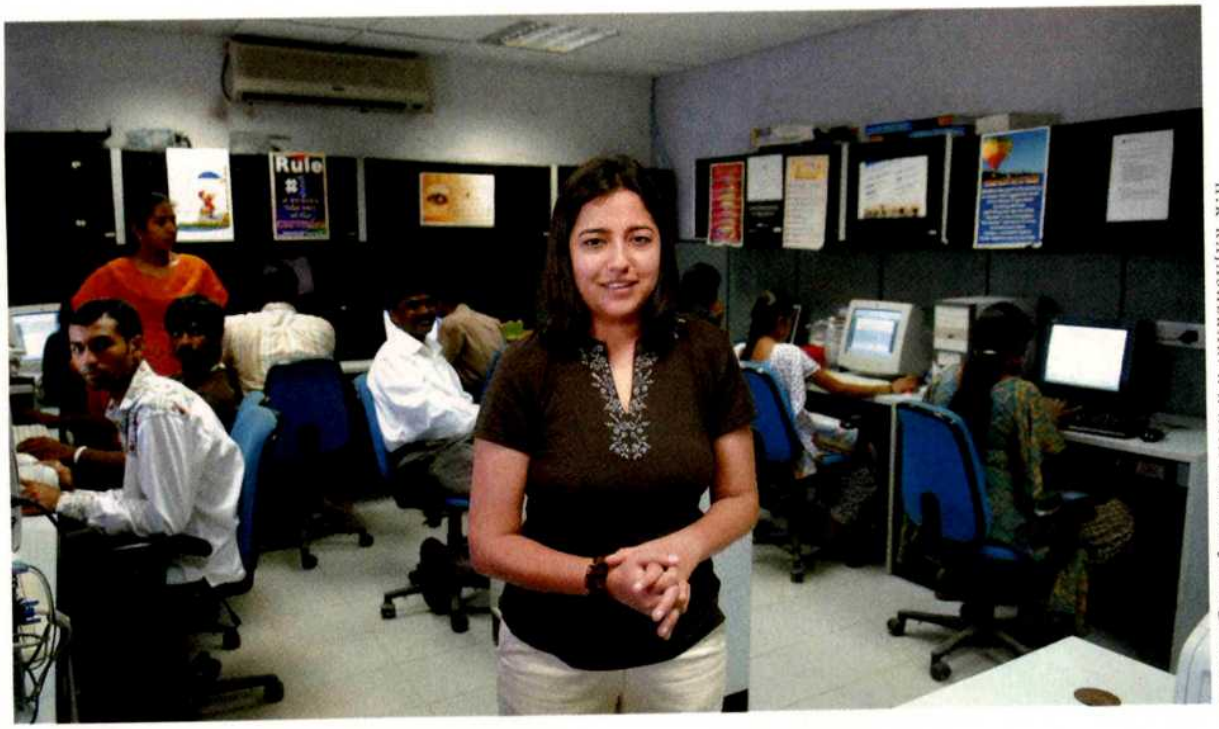
"Why would I want to sell... Perhaps, because sometimes it becomes very lonely"

Shailja Dutt is not yet 40. In the fiercely-competitive world of executive search, she runs, perhaps, the only independent boutique firm, Stellar Search. At over Rs 10 crore in billings and with 20 people, Dutt spends a fair share of her time keeping prospective investors at bay. "I often think why would I want to sell? We do not need the money. If there is one reason, it is, perhaps, because sometimes it becomes very lonely," says Dutt. Indeed, an entrepreneur often ploughs a lonely furrow — and a woman entrepreneur in India even more so.

Dutt set up Stellar Search in 1998. A few years later, she saw the company almost disintegrate during her second pregnancy. "I had to ensure that even if I am not physically there, the company will survive. So as a first measure, I hired an HR head and then invested heavily in technology," adds Dutt.

Today most of that struggle is behind her. Her 20-strong team seamlessly manages Stellar Search's 50-60 clients even when Dutt makes her monthly visit to her family in Singapore for a week.

That is a snapshot of a successful new-age Indian woman entrepreneur for you — who builds an enterprise from scratch; who scales it up to a level from where it cannot fail; who encounters plenty of agony and



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Saloni Malhotra | 28 | DesiCrew Solutions

"We have over 250 employees and are aiming for 1,000 in the next three years"

tribulation on that journey; and who still finds the time to play the role of the perfect wife and mother. Phew.

It is tough but it is also exhilarating, as a clutch of women like Dutt who are flying solo in the turbulence of business will agree.

Meet Nidhi Saxena, 34, who runs a roughly $2-million clinical research organisation, Karmic Lifesciences. Saxena set up the company in 2005, raised $1 million in venture funding, and has commitments for another $2 million. Her aim: to make Karmic a $30-40 million company in the next three to four years. "We are looking at an acquisition in the United States," she adds. That is not an isolated instance of female ambition. Consider, for instance, Saloni Malhotra, Founder of rural BPO DesiCrew Solutions. The company has over 250 employees and Malhotra is aiming for 1,000 in the next three years.

Common Threads

Setting up a business calls for a giant leap of faith, and there are many women taking those leaps. Yet, overall, the numbers are still few, especially for those who have been able to scale up into double-digit crores in revenues. Chhaya Balachandran Aiyer, founder of digital advertising agency BC Web Wise, points out it is the balancing between home and work that can result in a slackening of the growth momentum. "The pressure of managing both ends means that your pursuit for scale can have its limitations. Most women do tread with more caution when it comes to how much time they can give their pursuits without affecting their home life," she says.

WHY WOMEN MAKE BETTER ENTREPRENEURS...

- They do not chase funding with just a business plan. "Women put more meat on the table," says Padmaja Ruparel, President of Indian Angel Network
- They are better at knitting teams together
- They have a natural flair for multitasking without losing focus

... AND WHY THERE ARE SO FEW OF THEM

- Have to manage a family along with the business
- Marriage and children are perceived to be business wreckers
- Attitudes toward women entrepreneurs are still primitive and immature

Most of the women entrepreneurs this writer met either have an extremely supportive spouse — or, like Saxena and Malhotra, have no spouse at all. Saxena is candid when she says that if she had a family she would not have been able to travel the amount that she does.

"One big disadvantage Indian women face is that they need to take on the burden of families more than American women do. Even when couples work together, the women end up having to take responsibility for the kids and to do all the chores," observes Vivek Wadhwa, Director of Research at the Center for Entrepreneurship and Research

UMESH GOSWAMI/www.indiatodayimages.com

Nidhi Saxena | 34 | Karmic Lifesciences

"We are looking at an acquisition in the United States"

Commercialization, and executive-in-residence at Pratt School of Engineering, Duke University.

Wadhwa recently stirred up a controversy in an online debate on the reason for the small number of female tech entrepreneurs in Silicon Valley. He railed against one of the prevalent opinions that women would rather create babies than businesses. His subsequent collaborative research showed that there was almost no difference between men and women company founders. Both had an equally strong desire to create wealth; both were attracted to the culture of start-ups; and both had a long-standing desire to own a company.

Yet, the perception that women are better off rearing children is rampant, and is one of the biggest roadblocks they encounter in the world of business. Aiyer recounts her experience with "a client who refused to work with us because we had mostly women in our top team and the fact that the company was led by a woman". She adds candidly enough: "I have often felt that men do doubt a woman's capability at one level, and at another, they are insecure about themselves, too." DesiCrew's Malhotra, who is getting married next year, has had clients ask her: what will happen to the company after her wedding?

Anybody who believes that women can make babies but not businesses should meet Romira Roy. She has done both pretty well, and pretty much simultaneously. Roy is a co-founder and director of SEED, a social entrepreneurship venture started four years ago when Roy had a baby at home. SEED, which also has two associate firms — one for financial services and another for infrastructure creation — has some 2,500 employees. And, yes, Roy's husband has joined the venture.

To be sure, women entrepreneurs do get noticed. For a solid reason. Padmaja Ruparel, President of Indian Angel Network, or IAN, says women entrepreneurs attract a huge amount of respect because very few women come to IAN with just a business plan or a concept. "Women put more meat on the table. For example, one approached us for funding only when she had revenues of Rs 1.6 crore. Another came to us after working out and proving the model over 12 months," she says. Women are also better at knitting teams together, adds Ruparel. And that is a skill that comes handy in a start-up phase.

For a woman-founded enterprise to thrive calls for an extra dash of all the regular ingredients you read about in success manuals: focus, grit, passion — and discipline to manage time not just for the business but for the family as well. That discipline may also be that extra something successful women entrepreneurs possess and what separates them from the boys as well as the men. ◆

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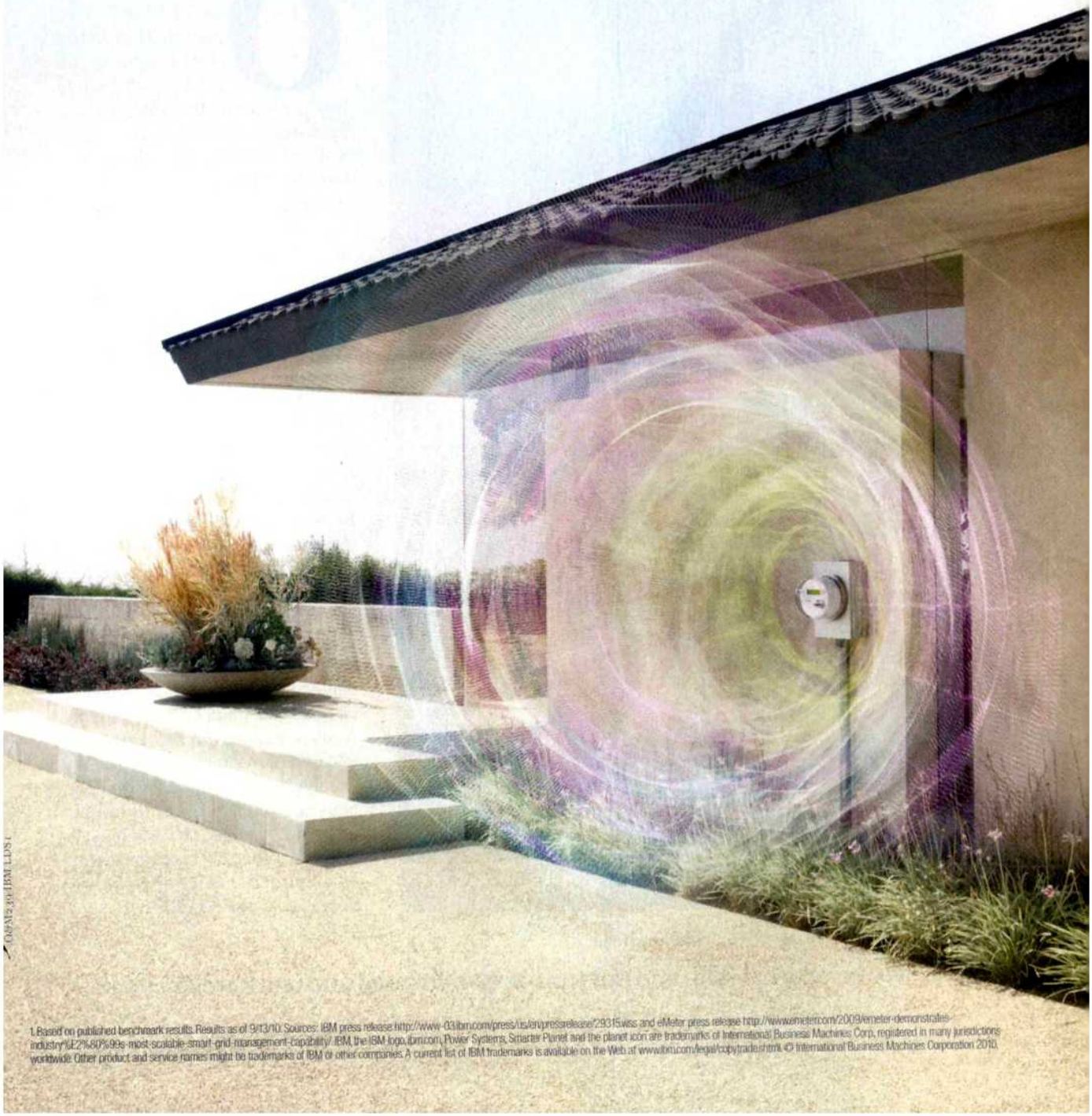

1. Based on published benchmark results. Results as of 9/13/10. Sources: IBM press release http://www-03.ibm.com/press/us/en/pressrelease/29315.wss and eMeter press release http://www.emeter.com/2009/emeter-demonstrates-industry%E2%80%99s-most-scalable-smart-grid-management-capability/. IBM, the IBM logo, ibm.com, Power Systems, Smarter Planet and the planet icon are trademarks of International Business Machines Corp, registered in many jurisdictions worldwide. Other product and service names might be trademarks of IBM or other companies. A current list of IBM trademarks is available on the Web at www.ibm.com/legal/copytrade.shtml. © International Business Machines Corporation 2010.

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THE Healer Dealers

Indian deal shops are not testosterone-charged boiler rooms. BY RAJIV BHUVA and ANUSHA SUBRAMANIAN

NISHIKANT GAMRE/www.indiatodayimages.com

Aisha De Sequeira | 41 | Morgan Stanley India

"You need to be relationship- and not transaction-focused and work well in teams"

One woman director for 777 listed companies. That is the dismal status at the 2,617 companies that are listed on the Bombay Stock Exchange — only 5.3 per cent, or 830, of 15,804 directors on the boards of these corporations are women.

Against such a drab backdrop, let us cut to one sector of Indian industry where women flourish, prosper and rise to the top — banking and financial services or rather, more specifically, investment banking. Virtually every deal shop in the country has a woman calling the shots (see *The Divas of Deals*). And a few, like Naina Lal Kidwai and Kalpana Morparia, have utilised investment banking as a springboard to go on and head full-fledged financial institutions. Kidwai, who headed I-banking at Morgan Stanley in the latter half of the 90s, is today the India Head at HSBC Bank, and is also on the Asia-Pacific board.

Women heading investment banks in India runs against the grain of developed markets. There are no women leading the big American and European banks; and, in fact, no woman has ever run an investment bank on Wall Street. In the West, investment banking is considered a boys' club that thrives in testosterone-charged boiler rooms. Back home, it is the women who are

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advising promoters on billion dollar cross-border mergers and acquisitions, helping them raise thousands of crores on Dalal Street via public issues, and handholding them in restructuring of operations.

Ask Vedika Bhandarkar why there are so many women bankers doing the big deals, and she has an answer that you wish held true for all of India Inc. "Whether women or men, achievers get to where they are (in I-banking) because they are pretty good at what they do," says the India Vice Chairman and Head of Investment Banking at Credit Suisse. "Yes, the number of women bankers globally is not comparable to that of India. But here the number stands out because the number of senior women in other industries is much lower," adds Bhandarkar, who also demolishes the myth of the glib-talking and hard selling banker with her demeanour.

So, what are the skills that women possess that make them so effective in the hurly-burly of I-banking? "You need to be relationship- and not transaction-focused, be very proactive and work well in teams to deliver the best product for your clients," points out Aisha De Sequeira, Managing Director and Head of Investment Banking at Morgan Stanley India. There is a school of thought that women are better team players, but if women are at home — quite literally — in I-banking, it is also because they possess one skill that men would have a hard time cultivating. "What is different between a man and a woman is that women are better at multitasking," explains Madhabi Puri Buch, Managing Director and CEO of ICICI Securities. Adds Manisha Girotra, CEO and Country Head at UBS India: "Women are 200 per cent at work." If you are wondering where the other 100 per cent came from, well, that is time spent with the children and at home. Girotra has a seven-year-old daughter.

Yet, what Indian I-bankers have going for them — and what those in the West do not have — is a social support system back home, which includes (a joint) family and domestic support. "You do not see so many women bankers in the US because they do not have such a support system there," agrees UBS's Girotra. Buch points out that the reason for so many women at leadership positions in investment banking is that they are first-generation professionals who plunged into this sector 20-25 years ago. "They were confident as professionals, had the support of their families and did not have to worry about money," says Buch.

Yet, in those early days on Dalal Street, many myths prevailed. Within investment banking, one perception was that women would never be good at the job because of the hectic networking that was required on the cocktail circuit. "The myth that women are not good at socialising in a business environment has been long broken. Things have changed over the past five years," points out Falguni Nayar, Managing Director of Kotak Investment Banking. Kaku Nakhate, President and Country Head at Bank of America Merrill Lynch India, who ventured into financial services in 1989, says the industry has come a long way since then. And that evolution has been driven as much by societal progress as it has been by talent and ambition. For instance, as Nakhate explains, expectations in a marriage are very different from those that prevailed two decades ago when home-making was more the norm than deal making.

The trend of power women on Dalal Street could have well begun when the likes of Nakhate got their feet wet in the business. But will the next 20 years provide a fresh lot of women leaders in I-banking? It does not quite look that way. "The talent pool of women (in investment banking) is very shallow," says Bhandarkar with a shrug. Adds De Sequeira, who worked with Morgan Stanley in New York before coming to India in 2007 as head of I-banking: "Whilst most at the helm in investment banking are women, the truth is that their teams do not have too many women. The pipeline going forward is a big issue. Mentoring is important to get more women into the profession." Add that as one more task to the multitude of responsibilities these superwomen have taken on. ◆

THE DIVAS OF DEALS

	I-banker	Bank
	Manisha Girotra	UBS
	Vedika Bhandarkar	Credit Suisse
	Madhabi Puri Buch	ICICI Securities

	I-banker	Bank
	Kaku Nakhate	Bank of America Merrill Lynch
	Kalpana Morparia	JP Morgan India
	Falguni Nayar	Kotak Investment Banking

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Dr. A.S. Trivedi, Managing Director
Roop Telsonic Ultrasonix Limited

"Ramco OnDemand ERP has helped us to strengthen visibility among the franchisees and parent company. We now operate on the same application, resulting in better understanding and improved overall efficiency. We find Ramco OnDemand ERP very user-friendly, and the users are able to adapt to the application very easily. The support provided by Ramco Systems has been timely and quick; this has helped us enormously in implementing the solution, and we are very satisfied."

Mr. Dinesh Victor, Director
SIP Academy India Private Limited

"Ramco OnDemand ERP has proved to be very beneficial to our business, because the automation of key departments has increased our overall effectiveness. RODE now enables us to make better and faster decisions. The overall transparency provided by the heightened visibility of operations across all departments, enables us to function more efficiently."

Mr. Vijay Thakur, Head - IT
GFB Great Foods Private Limited

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RACHIT GOSWAMI

"In India, I See a Lot More Acceptance of Gender in the Workplace"

DuPont Chair & CEO **ELLEN KULLMAN** *in conversation with* **CHAITANYA KALBAG.** *Edited excerpts:*

Do you think the India-US CEO Forum you are a member of has managed to get things moving a bit in terms of more positive attitude towards bilateral trade?

It is very important to get things on the table to understand issues that exist on both sides, across all industries. I am active, for instance, in agriculture and biotechnology. We believe that an open framework in science in genetically-modified organisms should allow a country to make good decisions around their deployment. We have the brinjal situation in India. We need to understand where the issues are and bring information forward and figure out how we work together.

On genetically modified crops, there seems to be a very strong knee-jerk reaction in India...

There is a lot of misinformation around there and that creates fear and resistance. It is up to us to work with the government and NGOs and bring facts and understanding. It is about the dialogue... I believe that the impact on creating higher levels of nutrition, higher food and lower utilisation of toxic chemicals with new chemicals...These will create more food for the future. People have to accept it, if it has to be successful.

How much do you think India is going to be able to help DuPont in building research capabilities?

We are trying to build a material science lab and our Kevlar ballistics is one of the capabilities we are going to be putting there. We have been very successful in recruiting talent. What we have found is that we need to localise our application development and work with local companies to create different applications... That is a big part of the investment we have put in place in Hyderabad.

In India, the biggest challenge is getting solar electricity to be affordable enough and that is not something anyone seems to have cracked.

You are right. We see a lot of work going on around reducing the cost of the solar cell itself, and we have seen those prices come down over the last few years but what has not changed is the cost of installation. It is important to get an understanding of what our customer is facing, and that is part of the opportunity that exists.

In your experience, what do you think it takes to not have this categorisation or pigeonholing of how women do in senior structures?

We all have our experiences and every time there is a successful woman, whether in an entrepreneurial role or in a company, it helps build a better history for the future. At the end of the day it is about bringing all the talent across our population; talent does not look at gender or race. I see a lot more acceptance of gender in the workplace. I see it in India. There is movement and there is momentum and your forum is going to be a great way to showcase the women doing very well. It is communication around success that makes people sit up and take notice and think "Gee, my manager is a woman and I should be in that group" as she is great. This is always good. ◆

Read the complete transcript at
www.businesstoday.in/kullman

Yin Power

From being a minority in the workforce, women have come a long way. A *BT*-Vital Voices round table found they still need support to be active participants in economic growth.

PHOTOGRAPHS BY SHEKHAR GHOSH/www.indiatodayimages.com

Get, set, go: The *BT*-Vital Voices round table participants

Women, who comprise half the world population, can be powerful force multipliers for economies. Yet their potential is almost never fully harnessed. A few weeks ago, Business Today *teamed up with Vital Voices, an* NGO *co-founded by Hillary Rodham Clinton, to debate issues that prevent a wider participation of women in the workforce.*

The recurrent themes remained family and societal support, but it emerged that change, though hard-won, was here to stay. The distinguished panel represented the breadth of geography and work areas. The panelists were Alyse Nelson, President and CEO, *Vital Voices Global Partnership; Tara Thiagarajan, Chairperson and Managing Director of Madura Microfinance and Director, Microcredi*

"We need to be a little innovative in organisational structures"

Tara Thiagarajan (India), Chairperson and MD of Madura Microfinance and Director, Microcredit Foundation of India

"Typically, the attributes which are associated with a leader are considered male"

Bharti Gupta Ramola (India), Executive Director, Pricewaterhouse-Coopers and Co-founder, Basix

Foundation of India; Mu Sochua, Member of Parliament, Sam Raimsey Party (Cambodia); Pacita Juan, Founder, Figaro Coffee and President, Philippine Coffee Board and Bharti Gupta Ramola, Executive Director, PricewaterhouseCoopers and Co-founder, Basix. The round table was moderated by BT's **Shalini S. Dagar**.

BT: Let's begin with a provocative premise – is this the golden age for working women?

Tara Thiagarajan: I think this is a transitional era — a precursor to a sort of a golden era that I can see coming.

Bharti Gupta Ramola: For the first time in my lifetime, at least there is a convergence in politics, business and civil society on the importance of women. Globally, there is unprecedented access to education. We must forge ahead now, because soon there could be a backlash. There are whispers already in the United States to take affirmative action to admit more men in colleges. *The Atlantic Monthly* sometime back ran an article titled "End of Men."

Alyse Nelson: There has been huge momentum in the last three to five years. We are at that critical tipping point. There is a real opportunity, but we need to be very strategic about it. As Robert B. Zoellick, President of the World Bank, says: "Gender equality is just smart economics." Recent research also shows that companies with most women on boards outperform those with the least with an 83 per cent higher return to shareholders on invested capital.

Mu Sochua: I think commitment is key — women to women and then engaging men at different levels.

Pacita Juan: Anybody who wants their business to succeed must listen to the customer and woman is a customer. My country has had two women presidents and many company CEOs. We have two women heads at Nissan and Hyundai and cars are such a boy thing. Our biggest telecom company is headed by a woman. We are lucky in the Philippines.

BT: Asia is not short of examples of powerful women. Is it however a class domination?

TT: Women have shown they can do it at the individual level. However, that does not translate into overall statistics. As a working woman, you always have a working spouse, but when you are a working man, quite often you have a spouse at home helping out. So it is just as hard for my husband to be in this kind of a partnership as it is for me. Before I had my three children I had a lot of scorn for women-related issues. That has changed. This issue of working women as part of a dual working partnership applies to nearly 4,000 women in our organisation as well. Some of them are very ambitious and develop themselves as branch managers. However, geography often becomes a limitation. If you want to be promoted then you have to move. And women do not move their families; men do. Every woman who is doing this is finding a new equation but making a huge compromise in the process. Any structure which negatively affects your child's life and upbringing is a bad one. There has to be another way.

BGR: In the corporate context, it is now more of a joint decision than ever before. Lower down the pyramid, the challenge is no different. The changing dialogue provides some hope.

TT: Yes, the dialogue is changing, but it is still challenging for both the woman and her family. We need to be a little innovative in organisational

"When my husband married me, he married a full nation"

Mu Sochua (Cambodia), Member of Parliament, Sam Raimsey Party

"Technology can provide the answers. You can upload almost everything today except maybe mother's milk"

Pacita Juan (The Philippines), Founder, Figaro Coffee and President, Philippine Coffee Board

"Businesses have huge power not just in terms of what they do internally but even externally"

Alyse Nelson (USA), President and CEO, Vital Voices Global Partnership

structures and the way we handle relationships.

MS: Political life is very challenging in a sense. I am a politician from the grassroots and my husband is American. When my husband married me, he married a full nation. He is not just a shadow, he does not exist. I do not know what I will do when I become the Prime Minister.

PJ: We now have global families in a global marketplace. It is good if you are dancing together but there is a cost to it especially for the children. Maybe technology can provide the answers. You can upload almost everything today except maybe mother's milk.

BGR: I am not sure whether this tension will not last. Most of us women around this table are the ones who have seen change within a single generation, practically. Our husbands, fathers, brothers, and friends, even the best men have not been trained in this way of life. The hopeful thing is many younger men understand that it is not just a woman's problem.

TT: Having lived in the United States for 20 years, I can say India has some unique challenges which need to be addressed for working women soon, like in the next five years. India has depended on the joint family structure and we have moved from that to nuclear families. The US, however, has developed very reliable institutional support. Here, there are no such child care facilities.

PJ: As an entrepreneur I see that as an opportunity. You can have special day care for corporate women like you.

BT: Should we leave it to the entrepreneurs or should we expect it from organisations that employ us?

MS: It has to be governments, families, society, organisations and entrepreneurs.

TT: The more optimal choices women have, the more they will decide to go to the workplace. If it were better, then a lot of women would cross that threshold.

BT: In the corporate context, women are under-represented in senior positions and in the boardrooms. Is that likely to change?

BGR: I think you will see a lot of change in the next 10 years. There are a lot of women today in middle management. You typically need 20-30 years of experience for board positions. In India, at least, that pool is becoming larger.

BT: What are the actionable suggestions for change?

TT: It would be significant if men were more engaged in the process.

BGR: At PwC we have had a Gender Advisory Council and we have now decided to focus on men. We began by bias awareness training. Typically, the attributes which are associated with a leader are considered male. With the bias awareness training from top-down we are asking a gender question for everything. If a slate of people is brought to me for a position and if I do not see any woman in it then I ask for the reasons. You do that twice and the third time, it will not happen.

AN: We have laws on books but it is time to move from lip service to real action. Companies and businesses have huge power not just in terms of what they do internally with their employees but even externally. ◆

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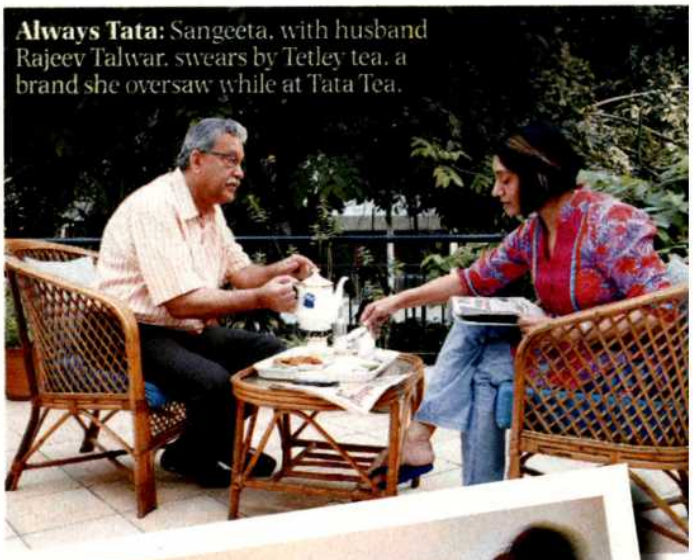
A DAY IN THE LIFE OF Sangeeta Talwar

PHOTOGRAPHS BY
SHEKHAR GHOSH

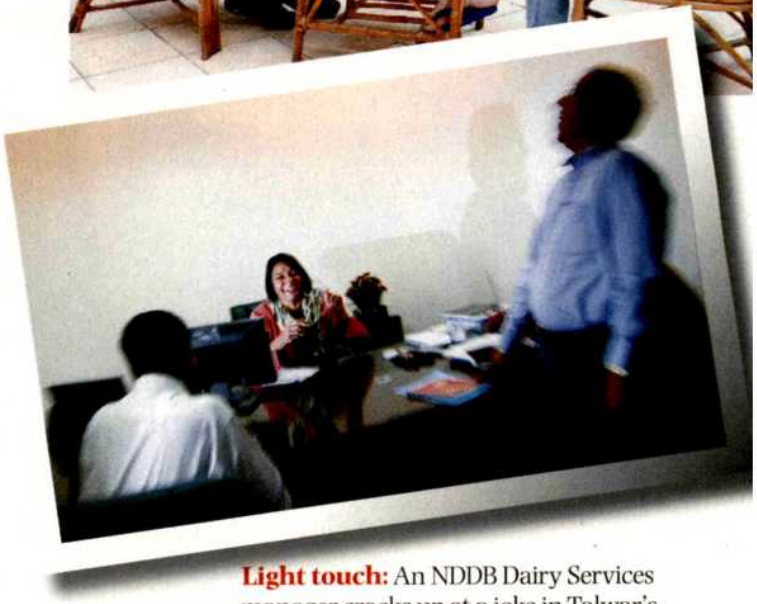
TEXT BY
MANU KAUSHIK

Sangeeta Talwar, 54, likes to push the envelope alright: she aims to double milk production in a country that is already the biggest milk producer in the world. And, she has over Rs 17,000 crore funding from the World Bank to help her get there. Two months into her new job as Managing Director of NDDB Dairy Services, this high flier is hitting her stride. *Business Today* gets a fly-on-the-wall view of her day.

Suryanamaskar First: A fitness enthusiast, a 45 minute yoga workout gets her going.

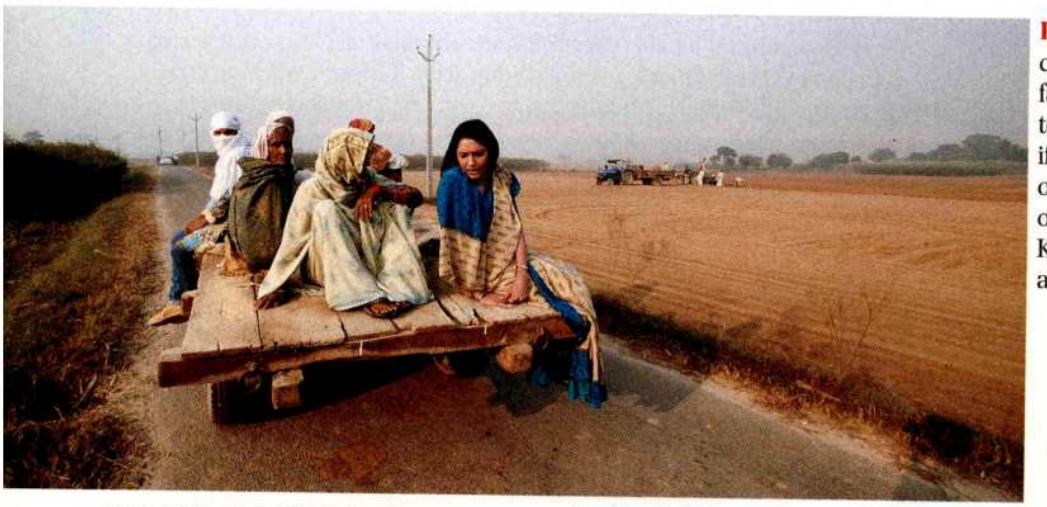


Always Tata: Sangeeta, with husband Rajeev Talwar, swears by Tetley tea, a brand she oversaw while at Tata Tea.

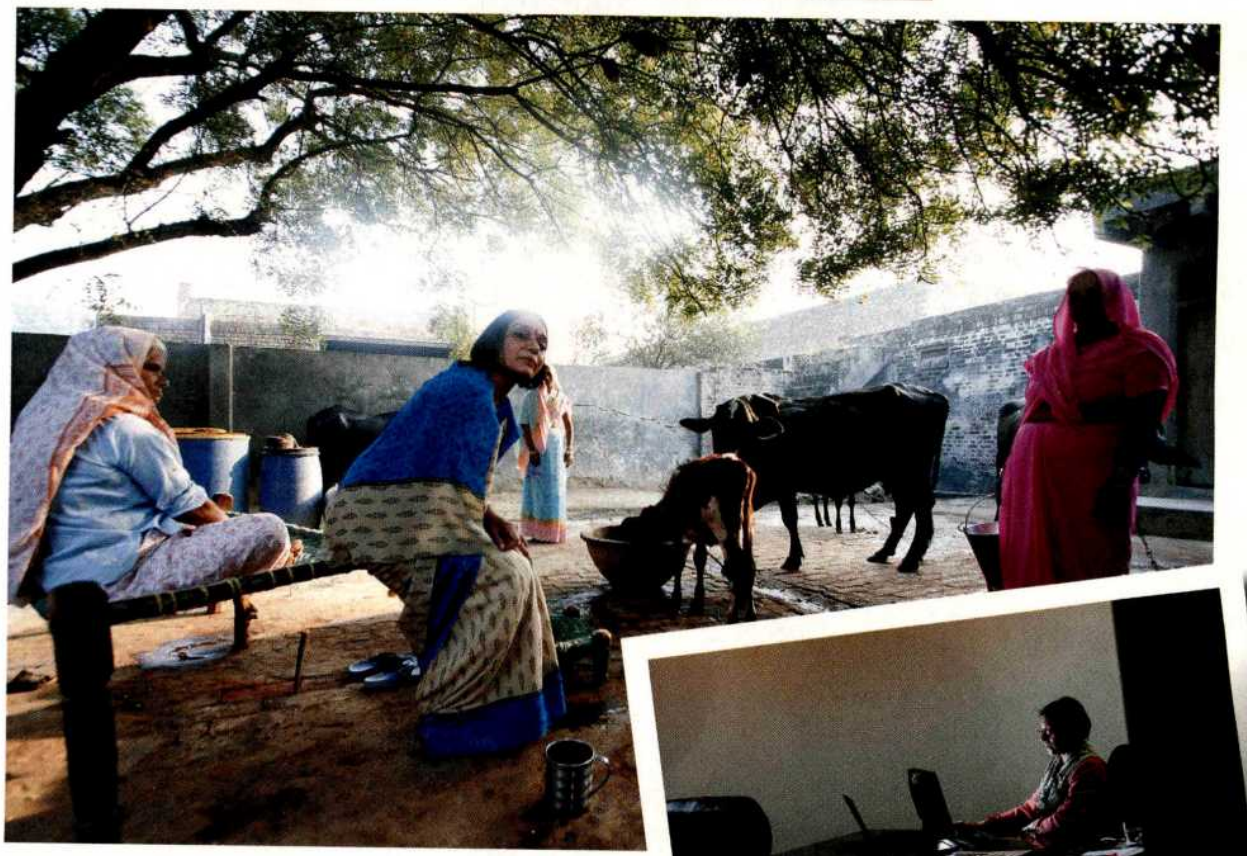


Light touch: An NDDB Dairy Services manager cracks up at a joke in Talwar's New Delhi office. The newest MD in the NDDB fold aims to build a 100-strong team over the next few months.

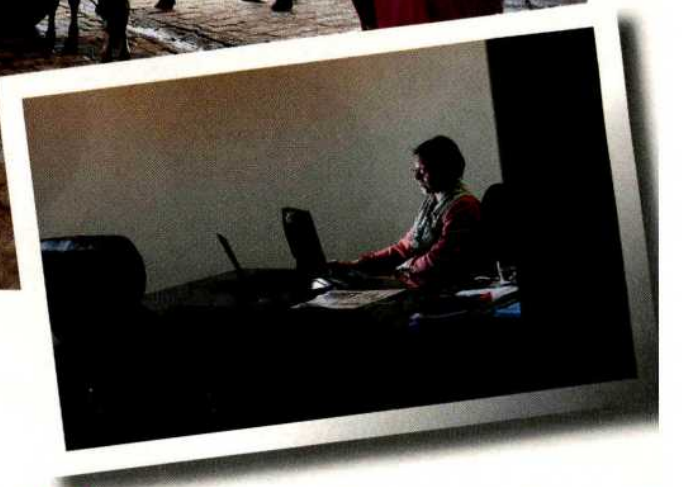
White gold: At a milk collection centre in Bulandshahr. Dairy farmers today receive payments after a 10-day delay. Talwar is working on a smart cards-based payments system with instantaneous transfers.



Hyperlocal: Close contact with the dairy farmer makes for intensive learning, even if it means hopping on to a bullock cart on the way to Kakhura village in the afternoon.



Bovine microcosm: The two cows and one buffalo at Neetu Chaudhary's (in pink sari) house yield 10 litres of milk a day, which can be doubled with better veterinary care and feeds. Talwar's big test will be to get millions of India's dairy farmers to make that jump.



In/Out: Talwar has taken a flight every alternate day for six years. On the days she is in town, lights are on until the last e-mail has been answered.

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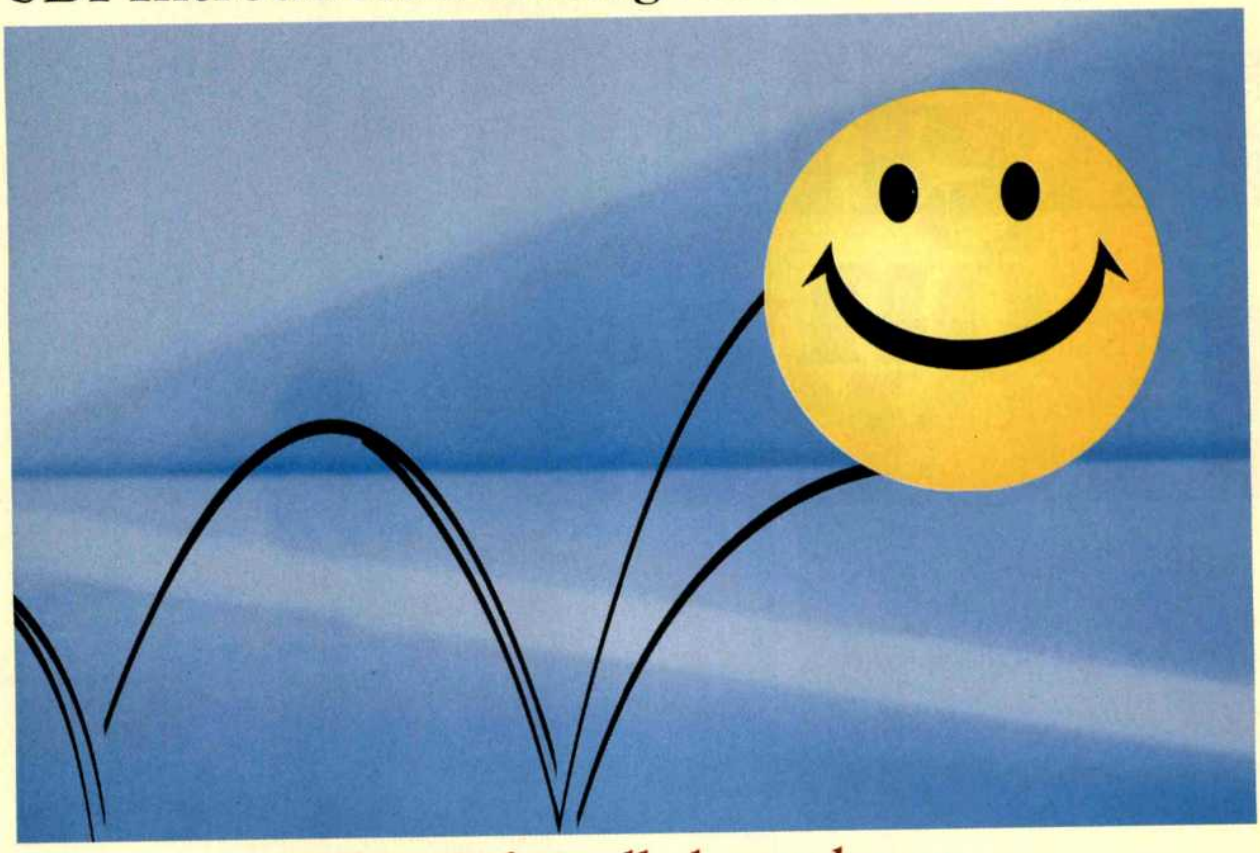

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High on Herbs

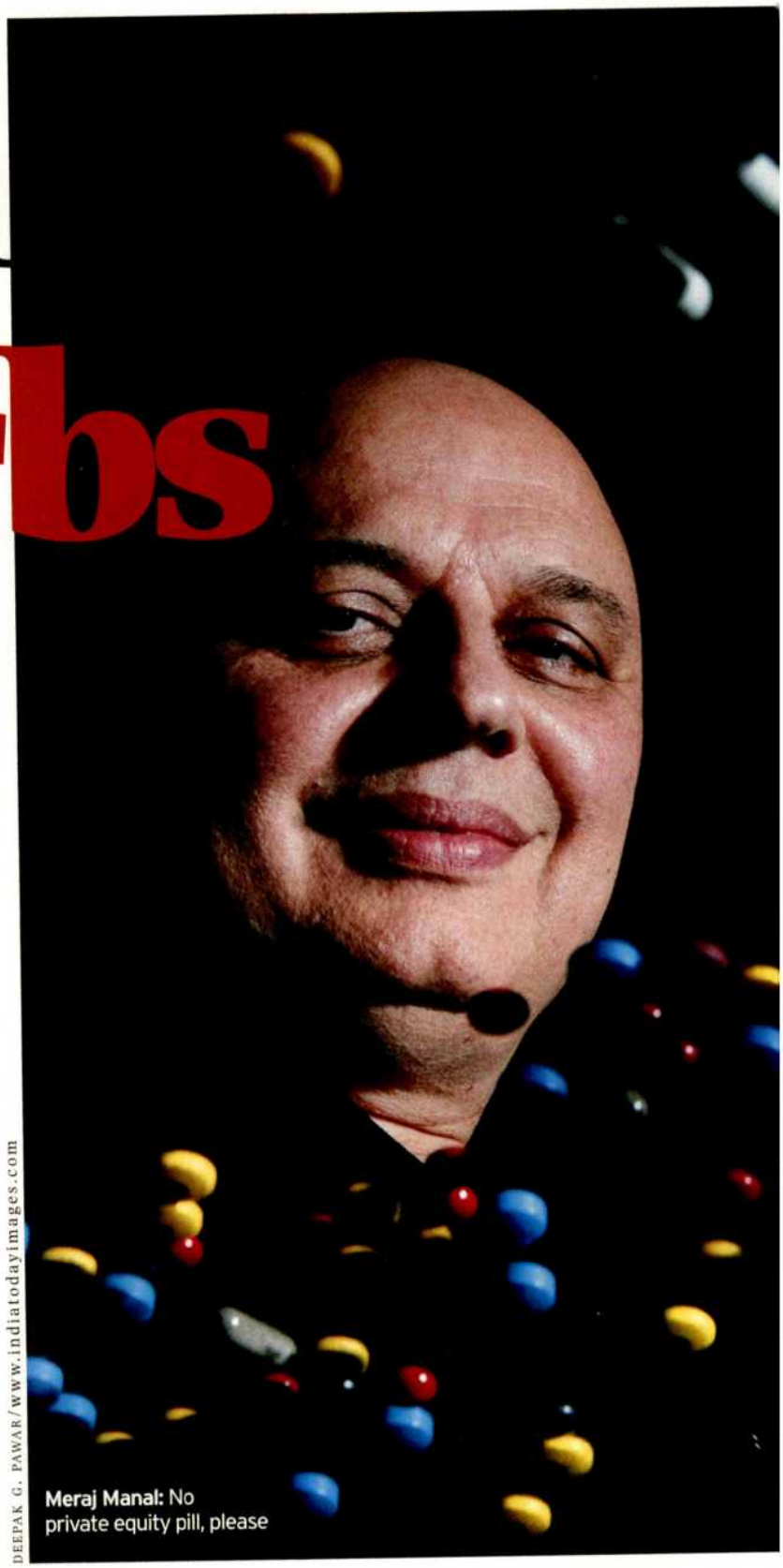
Meraj Manal is taking ayurveda places.

BY K.R.BALASUBRAMANYAM

He can afford to hand out fistfuls of Liv.52 to anyone feeling liverish, although he would prefer to sell the pill. As Meraj Manal says, one Liv.52 is bought every second somewhere in the world. The only ayurveda pill among the 12 best-selling medications in India, Liv.52 has powered its manufacturer The Himalaya Drug Co into the ranks of Big Pharma in India.

But ask Manal to sell a slice of his privately-held company and you are shown the door. Many consumer care companies have tried to acquire a stake in Bangalore-based Himalaya. Dealmakers know it is not up for sale, but they do not give up hope or stop making bids.

Why should they? Himalaya, started by Manal's father, the late



DEEPAK G. PAWAR/www.indiatodayimages.com

Meraj Manal: No private equity pill, please

M. Manal, in 1930 to make herbal tablets in the Himalayan town of Dehradun, is today an established brand in over 70 countries with about 160 products — 66 in pharma, 63 in personal care, nine in baby care and 22 in animal care. After India, its three top markets are West Asia, Russia and the CIS, and South East Asia. In 1999, Himalaya took its personal care range into global markets, piggybacking the equity of its pharma products.

Figures are not available, but Manal says turnover has crossed Rs 1,000 crore on the back of Liv.52, some similar pills and the personal care products. "Liv.52 is one of the biggest successes of my father," says Manal, Chairman of Himalaya Global Holdings, which owns the nine operating subsidiaries in different regions.

Research Backbone

Although Himalaya's reliance on Liv.52 has come down after both its new as well as old pharma products picked up steam in the market, and it launched personal care products, it all began with this blockbuster, whose recipe was among the many jotted down by Manal's father on a card. (Himalaya's future lies in thousands of similar cards with notes that are stacked in boxes in Manal's room.) The 52nd formula was a hit. Manal senior's aim had been to make herbal remedies available in tablet form, scientifically tested for efficacy, identified by name and prescribed by doctors.

The passion for research continues. Himalaya has raised its research, development and manufacturing standards so that its products clear regulatory hurdles abroad. "Apart from ayurvedic institutions, we also do clinical trials in leading allopathic institutions both in India and abroad," says Ravi Prasad, Executive Chairman of Himalaya Drug Company, who leads the team of professionals worldwide.

"The regulatory picture is not clear in many countries and in some countries our standards have been recognised as the benchmark," he says. Himalaya's R&D facility, he says, is one of the biggest for an ayurveda manufacturer, with about 120 multidisciplinary scientists.

As Manal proudly declares, R&D is the "backbone" of the company.

Himalaya knows the key to growth lies in its ability to create more patents. The US Patent and Trademark Office has granted it patents for its sunscreen, under-eye cream, laxative, sedative, immune-stimulant, anti-acne range and hair-loss cream, and 76 applications are pending. It has just released in the US markets a new type of tablet in which the binders are also derived from herbs. "No company has done this before, and we have filed for a process patent," says Ravi Prasad.

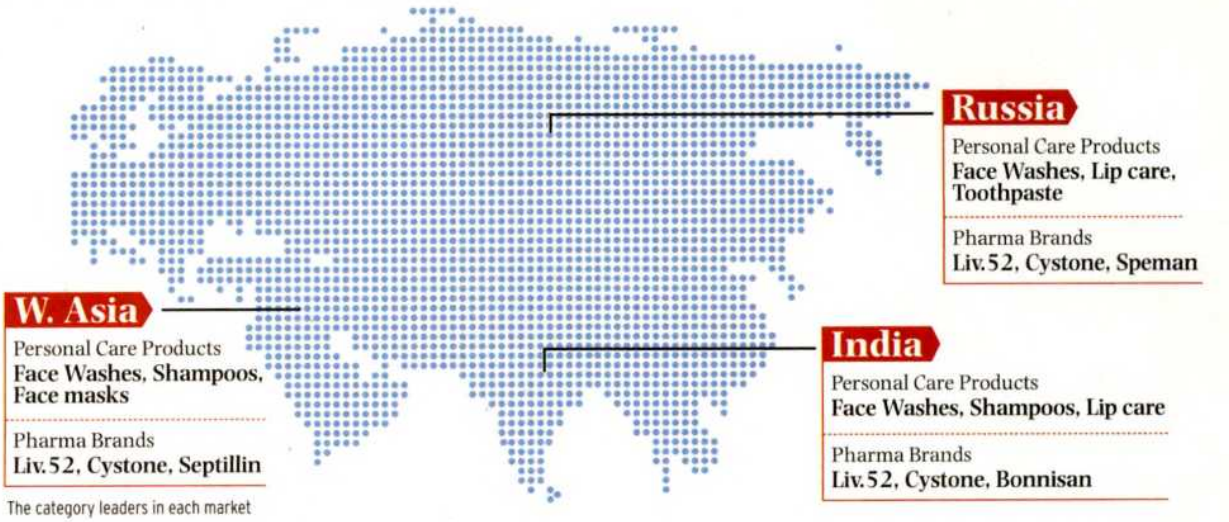
Until the 1990s, Himalaya's portfolio had only pharma remedies. It entered the equally lucrative consumer care market with some 20 products under the Ayurvedic Concepts range in 2001. Two years later, it created the umbrella brand Himalaya Herbal Healthcare. It also began opening exclusive outlets: there are 130 shops in India and 25 in Singapore, Malaysia, South Africa and the Cayman Islands.

Dream Run

According to Ravi Prasad, Himalaya's personal care products are growing much faster globally

Just 3 Of Its Markets

Personal care products piggybacked pharma brand



The category leaders in each market

GRAPHICS BY KULDEEP

than pharma products, because pharma faces tough regulations in some countries. As of now, Himalaya gets 58 per cent of its revenues from pharma products, but that seems set to change.

Saket Gore, Business Head of the consumer products division, says: "Today, we are the market leaders in face washes in the UAE, India and Malaysia."

According to The Nielsen Co figures for April-June 2010, Himalaya face washes had a 17.8 per cent market share in India, less than two percentage points behind multinationals Hindustan Unilever Ltd and L'Oreal. Himalaya's individual products also face competition from firms that are strong in one or just a few products, such as Colgate in toothpaste and Fair & Lovely in face masks.

Doctors have been Himalaya's biggest brand ambassadors in pharmaceuticals. Philipe Haydon, President & CEO for pharmaceuticals, says Himalaya is in touch with about 3.75 lakh doctors and reaches 94 per cent of pharma retailers.

"We are the modern face of ayurveda in India and our medical representatives promote products with scientific detailing," says Haydon, who is also the CEO of the Asia Pacific region. In ayurveda retail, Himalaya competes with the likes of Dabur, Charak, and Baidyanath.

Internationally, consumer care and pharma contribute equally to revenues. "In 20 years from now, North and South America could possibly be our largest markets by volume. They are very big on herbal medicine," says Manal. These markets are headed by his son Nabeel, 36.

DEEPAK G. PAWAR

Ravi Prasad Executive Chairman/ The Himalaya Drug Company

"We also do clinical trials in allopathic institutions in India and abroad"

The Prognosis

Industry observers believe that while Himalaya has built a cult in

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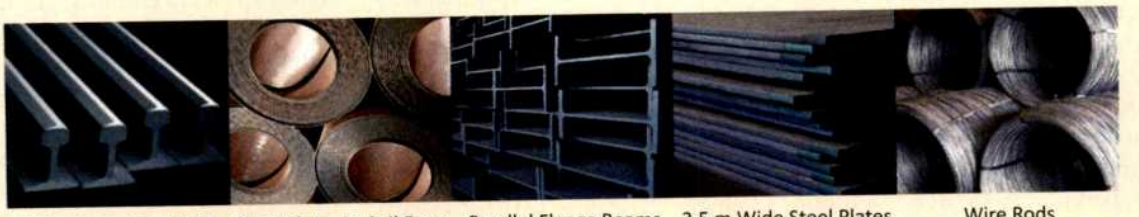

121 m Long Track Rails | Steel Plates in Coil Form | Parallel Flange Beams | 3.5 m Wide Steel Plates | Wire Rods

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Liv.52, it needs more such blockbusters to make up for its low-key marketing and a distribution network weaker than that of rivals such as Dabur India.

"Today, the brand Himalaya is recognised and closely associated as a natural remedy, but on the personal-care front it sends out no cues to a consumer. This is important in the FMCG category where it competes with many others," observes Kannan Sitaram, a former chief operating officer of Dabur.

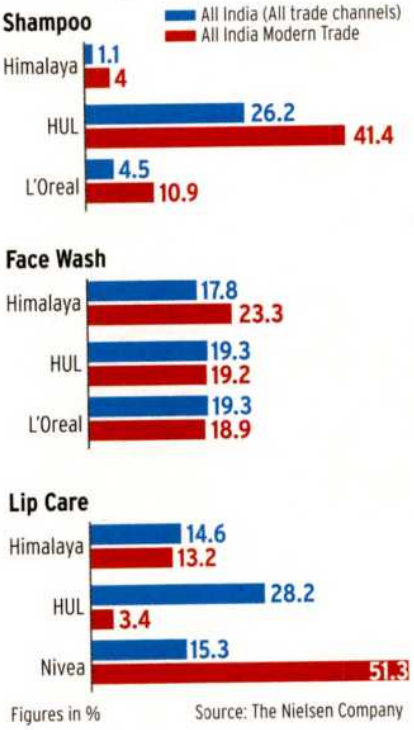
Analysts say that opening shop-in-shops and branded stores is a good strategy. "But brand-building investments are required so that consumers will walk into a shop only for the Himalaya display. Also, being positioned as a mass brand, it needs greater presence and investment in distribution," says Sitaram. But the company has to figure out if its returns are justified. "After all, rentals are going up," he says.

In pharma, Himalaya is stronger. "It has very sharply- positioned products for the eyes, liver, bones and so on. It is also present in areas that are not crowded. Besides, it spends huge sums on R&D and can compete with some of the best pharma companies in India," says R.B. Smarta, Managing Director, Interlink Marketing Consultancy.

This also gives it an edge in global markets, where the demand for natural, ayurvedic and herbal remedies is growing. "They have very precise and extensive documentation on each of their ingredients, that can withstand the rigor of clinical trials. Their patents also stand them in good stead," says Smarta.

By buying raw materials directly from growers, collectors and non-governmental organisations, Himalaya keeps costs under control. Recently, it signed an agreement with the Sikkim government to prepare farmers in organic farming of herbs and sustainable collection.

Beating Multinationals



Figures in % Source: The Nielsen Company

In September, Himalaya, along with a few others, came under fire from the Centre for Science and Environment or CSE, which claimed that Himalaya's honey contained antibiotics beyond the stipulated standards. Ravi Prasad denies the charge. "The same batch was tested at three independent laboratories and none found any trace of antibiotics. Our technical team will soon meet the CSE with these findings and seek its comments," he says.

No Entry

Manal does not run day-to-day affairs and has professionalised the company by elevating Ravi Prasad as the executive head, so that his father's legacy grows independent of the family. "My father's life's mission was to help people and we will move in his footsteps," says Manal, who follows the modest example set by his father. (In September, when Ravi Prasad called on Manal at his apartment in Dubai, the chairman travelled with him to Himalaya's office in the Metro and then took a bus to attend another meeting.)

Of Manal's seven children, only Nabeel works for the company. Two daughters are married and homemakers, and the other two daughters and a son are still studying. One son works in the financial sector in the US.

Manal is content with bank funding, and proud of his 40-year-old relationship with Union Bank of India. In turn, M.V. Nair, the bank's Chairman and Managing Director, says its long relationship with Himalaya is a wonderful example of a banker- entrepreneur growth story.

Himayala's requirement of funds depends on projects. It borrowed Rs 100 crore two years ago from the bank to make its manufacturing unit in Bangalore compliant with European and American standards.

Dealmakers and investment bankers are not put off by Manal's "No Entry" board. Recently a personal-care multinational contacted Bangalore's Viedea Capital Advisors, looking for a sizeable stake in Himalaya. Deepak Srinath, co-founder of Viedea, says: "The management did not entertain any conversation on the subject."

Himalaya, Srinath says, is a dream mandate for any investment banker because it has all the ingredients that a PE or strategic investor looks for — a highly credible brand name, an impressive product portfolio, a professional management and profitability. "Also, the promoters have a reputation for being ethical," says Srinath.

According to the India head of an American PE firm, Himalaya is an ideal target since its capex needs are not large and can be met by internal accruals and bank funding. Such companies usually give robust returns.

But Manal is focused on different things: "The scope for growth is unlimited. As long as there are homes with people, that family is our customer. We don't recognise borders."

WITH INPUTS BY SHAMNI PANDE

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INTERVIEW WITH MERAJ MANAL

"I get 3 or 4 offers a year"

MERAJ MANAL, 62, has always let his business heads to do the talking. In a rare interview with BT's **K.R. BALASUBRAMANYAM**, *he explains why he does not want outside investments, and why values count more than profits. Edited excerpts.*

How did your father get into the herbal medicine business?

My father spent his lifetime gathering knowledge about traditional household remedies, standardising them, testing them for safety and efficacy and demonstrating them to doctors. He was the first who thought of producing herbal medicines in tablet form so doctors can prescribe them... Whenever he heard about a remedy, he would jot it down on a plain card to work on them later. We have tens of thousands of such cards stored in boxes. Our toothpaste is a product from one such card scribbled 40 years ago.

Why are you still not a public company?

I don't want a rupee from anyone other than the bank, because it is difficult to explain what we do to a shareholder. Can I accept outside investments and allow these cards (pointing to the stacks of his father's cards) to disappear? Our whole philosophy, our value system is so different, how do I explain this to investors? All my children — four daughters and three sons — think so.

Do you get offers?

I receive three or four offers a year. Multinationals have spoken to me and one of them even said we are the nugget of the herbal industry. If I accept these offers and put that money in a bank, I would no doubt get millions every month... What will I do with that money? I don't want the liability of someone else's money with me, big or small. Once you accept outside investment, they will start advising us on things like cutting the number of curries in the lunch at our canteen... or the staff transport. They will ask us why you are doing this and that. There is no "why" here. This is how it is. Since we are closely held, I have the luxury to say profits are not everything.

How much of your revenues goes into R&D?

In this company, there is no limit on expenses on R&D. That is the only division without a budget. These (pointing to the cards) have to be converted into products.

How are you professionalising the company?

As you grow, you need people who know more than you do. You cannot reach the next step unless you professionalise....We will reserve the holding company for family members and the subsidiaries will have only professionals. We have separated ownership from management. Family members will be responsible for nurturing our value system. I don't want family members on the business side. If they have energy, they are free to go out and pursue their interests.

So a family member becomes part of the holding company by default?

Admission is not by default. They must have something to contribute. ...My son heads the US business, and not because he is my son, but because he is a professional who knows the US market the best. He is doing remarkably well.

What about this Deputy Chairman's post?

I created the post two years ago and appointed Ravi Prasad for a very special reason. To send a strong message that the operational head does not have to be a Manal. People were astonished and are happy about the decision. Like any CEO of any other region, my son too reports to Ravi. (Ravi Prasad was elevated as Executive Chairman in October. He leads the global management team.)

Are you satisfied with your growth?

The growth we have had is more than satisfactory. If I want more than that, then we are greedy.

We crossed Rs 1,000 crore in revenues last year. I don't know much about finances. Professionals handle that. I just sign on the papers. ...When I joined the business in 1965, the revenues were Rs 40 lakh....

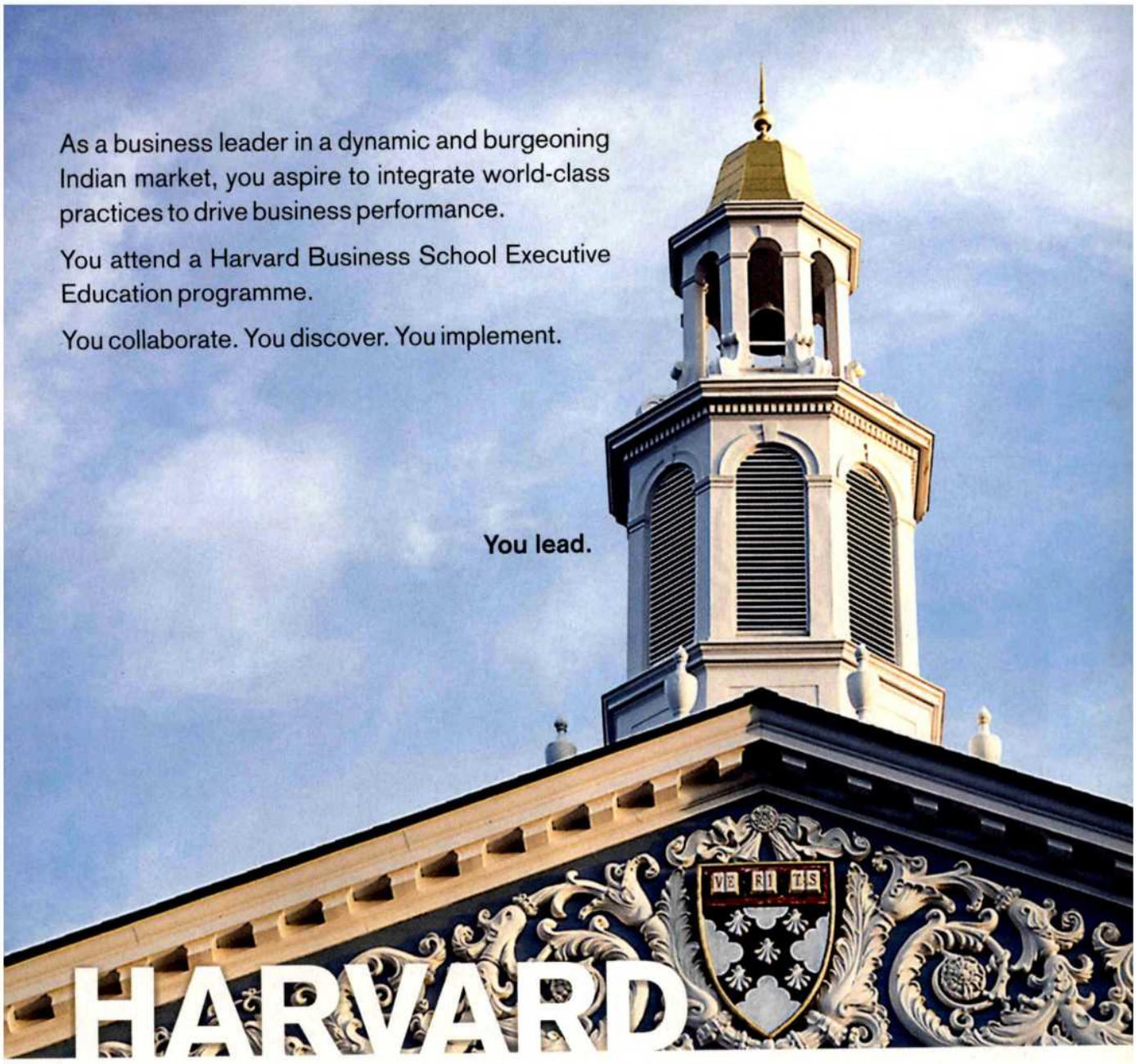
The way we are growing in North and South America tells me that 20 years from now, they could possibly be our largest markets by volume.

Where is Himalaya headed?

We will never move from our core competence. I am not for diversifying. I am not a person who can do other things. Opportunities for growth are unlimited and there is no real need to diversify.

Our global operations have taught us many things. The country does not matter. As long as there are homes with people, we will go there. ◆

"They (investors) will ask us why you are doing this and that. There is no 'why' here. This is how it is."



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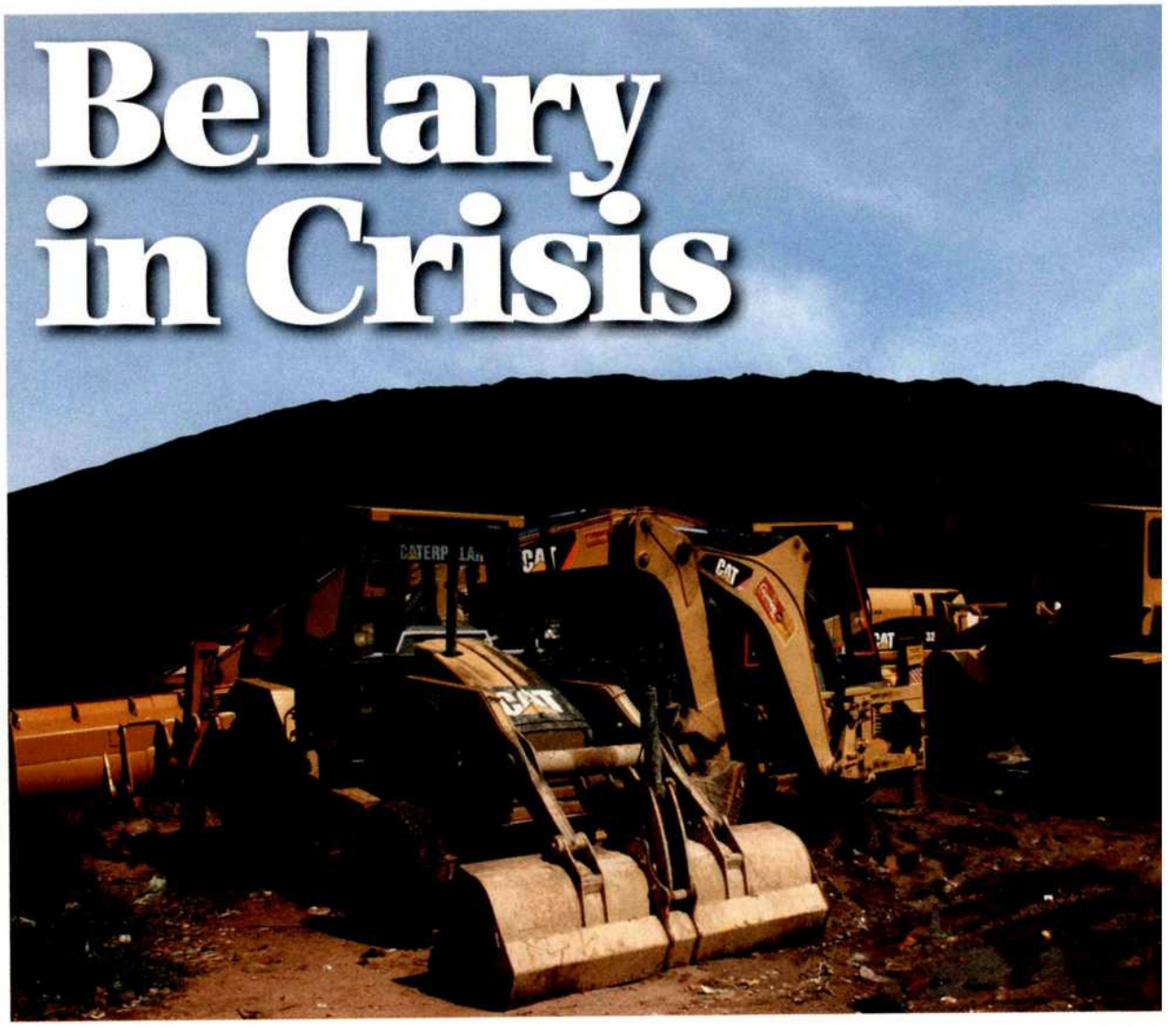
Bellary in Crisis

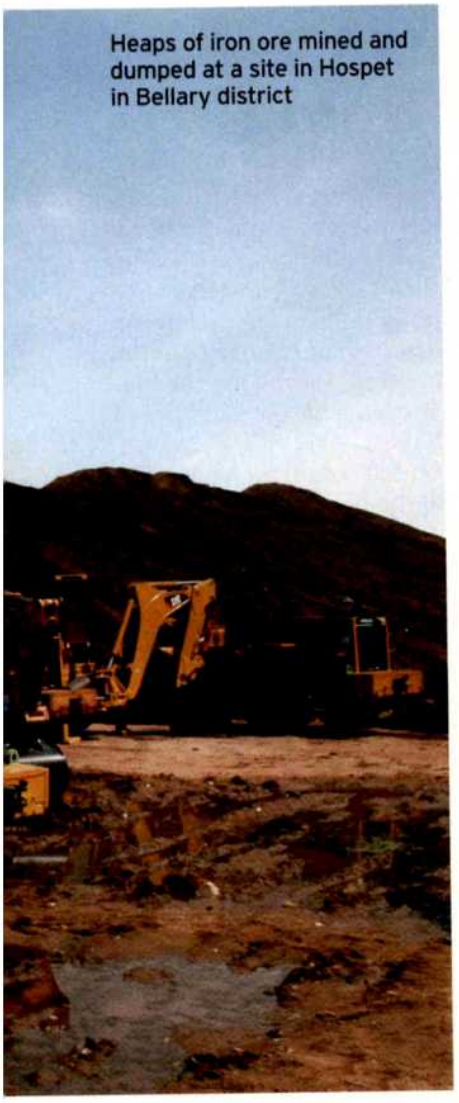


DEEPAK G. PAWAR/www.indiatodayimages.com

The economy of the mineral-rich town has been left reeling after Karnataka's ban on export of iron ore. BY K.R. BALASUBRAMANYAM

When Indian Railways decided to carve out the new zone of South Western Railway in 2003, it chose Hubli in Karnataka as the headquarters. What tilted the scales in Hubli's favour was the region's huge iron ore traffic. At its peak, the Hubli division earned close to Rs 12 crore a day carrying iron ore, making it one of the top five freight-earning divisions of Indian Railways.

Some 320 km away, at the mining capital of Hospet in Bellary district, about 2,500 trucks carried thousands of tonnes of ore to different ports. And, in faraway Chennai, the port handled between five and eight million tonnes of Bellary ore a month. The prosperity shows. The Bellary-Koppal region has two private airports, eight helicopters and six aircraft. Mining firms own one airport, three aircraft and all the helicopters; JSW Steel owns the other



Heaps of iron ore mined and dumped at a site in Hospet in Bellary district

three aircraft and one airport. Some of the costliest foreign cars can be seen on Hospet's roads.

But a July 26 order by the Karnataka government banning the export of iron ore crippled Bellary's economy. Indian Railways' income from ore transport is down by two-thirds and most trucks are idling. The crackdown on exports has cooled prices of ore to around Rs 2,700 a tonne now, from the high of Rs 3,800. Most mining firms have suspended activity and sent workers home, as they wait for an end to the ban either by courts or the state. Exporters say that over 5,000 workers have been affected. And here is the big picture. India's iron ore exports have almost halved to 3.03 MT in September. The same month, Chennai port handled only 0.20 MT.

While the mining firms are livid, the steel industry is understandably jubilant. Steelmakers such as JSW Steel, Kalyani Steels, BMM Ispat, among others, have been lobbying for preference in the grant of mining lease arguing that the precious raw material for steel cannot be exported, given the growing domestic demand. They point out that India will become the world's second-largest steel producer by 2012, after China, more than doubling its capacity to 124 MT.

Chief Minister B.S. Yeddyurappa defends the ban. "The mineral policy of the state is to use the mineral wealth for value addition in the state," he says. Any immediate economic impact in the district, like job losses, he argues, would only be temporary and offset in due course with fresh investments in steel mills (see *Ban is Meant to Curb Illegal Mining*). At a recent meeting with Prime Minister Manmohan Singh, Yeddyurappa called for a national ban on export of iron ore.

There is another reason for the ban. It was, officials say, the last option for the government to check the rampant illegal mining in the region, which had dirtied the ruling Bharatiya Janata Party's image. A senior minister remarked: "After all, the government was earning a measly royalty of about Rs 380 crore a year, which we can afford to forgo in return for preserving our mineral wealth."

In 2009-10, while Karnataka permitted six million tonnes of iron ore exports, the actual quantity that went out of the country was more than double, at 13.1 MT. Yeddyurappa points out that the amount of ore exported illegally in the last seven years from Karnataka was more than the export permitted by the state.

The mining industry, however, has a different point of view. India's steel mills, they say, can absorb only half of the ore produced annually. In 2009-10, out of 218 MT produced, only 90 MT were used and the rest exported.

"To put up a steel plant, you need water. Where is the water here? If it were so simple, SAIL would have come here long ago," says Shrenik Baldota, Executive Director of MSPL Ltd, referring to Steel Authority of India Ltd, the government-owned steel major. MSPL is India's leading iron ore exporter in

Iron Ore Export was Banned...

- To curb illegal mining
- To get new steel mills to the region

Its Impact...

- Bellary's economy takes a big hit
- Almost 5,000 workers lose their jobs
- Exports have almost halved in September
- Prices of iron ore tumble

... And the Road Ahead ...

- The BJP government says it is likely to be a short term measure to combat illegal mining
- The dispute is now pending before the Karnataka High Court
- The state is wooing steel companies to set up plants in the region

the private sector. "If India is not making steel on its own, the reasons are economic. It is often cheaper to import steel rather than make it locally by transporting ores over long distances," says a miner.

Meanwhile, Karnataka's mining industry, which accounts for a quarter of India's annual exports to China, the largest global market for iron ore, has lost business to Brazil and Australia. "In the last three months, miners in the two countries got three million tonnes of extra business," says Meda Venkataiah, Executive Director for Mining at MSPL.

There are 93 mines in the Hospet-Sandur region, within 200 sq. km. Of these, 69 mines are operational, and about 70 per cent of the ore produced by them was being exported. As many as 16 banks, including State Bank of India, or SBI, ICICI Bank and Axis Bank, have set up branches in the town and have large exposure to the mining business.

"Since August, our credit offtake has come down and we do have defaults," says an SBI officer, while adding that the bank has decided not to act on fresh applications for loans from mining companies until some clarity on exports emerges.

The tussle between the mining companies and the government is now pending before the Karnataka High Court. For the moment, though, the government seems determined to stay the course.

According to Yeddyurappa, eight companies, including ArcelorMittal, have taken steps to build plants with a combined capacity of 22 MT per annum, or MTPA, in the Bellary region. And, more importantly for the state, the ban, even critics admit, has illegal miners on the run.

The Bellary region has been badly bruised by mining restrictions. But whether it is a short-term pain or a problem that will linger longer will depend on the courts and the new steel projects that the government expects to come in. ◆

INTERVIEW/B.S. YEDDYURAPPA

"Ban is Meant to Curb Illegal Mining"

BANDEEP SINGH

Karnataka's Chief Minister **B.S. YEDDYURAPPA** *tells* **Business Today** *that new investments in steel in the Bellary region will use locally-produced iron ore and create employment. Edited excerpts:*

On the impact of a prolonged ban on the local economy.

The ban is only a temporary measure to curb illegal mining and make raw material available to (local) industries. Till the mining activities are properly regulated and the lacunae plugged, we have requested the court to continue with the ban.

Legitimate mining activities are very much on and the steel units in and around Bellary are using the ore. Big steel companies have come forward to set up steel units, which would create jobs. ArcelorMittal, Brahmani Steels and POSCO are among them. These companies will bring in the latest technology. Bellary and the neighbouring areas will be among the most prosperous districts.

On the mounting job losses in the region.

The mining activities have not stopped. So, it is not correct to say jobs have been lost. We are assessing the situation. This temporary phase will pass.

On whether new and existing steel mills in Karnataka will get mining leases.

The areas available are taken up for grant of mining lease. Most industries which have signed MOUs during the global investors' meet (in June) have applied for leases. They will be considered as per the law and the state's mineral policy. The process will be completed in a month or two.

On new steel mills coming up in the region.

From January 2009, we have approved 34 proposals of steel mills with a production capacity of 73 million tonnes per annum, or MTPA. As for the Bellary region (Bellary and Koppal districts), steel mills with production capacity of 41 MTPA have been approved. After the June meet, eight steel mills with a production capacity of 22 MTPA have taken steps to implement their projects. The proposal of ArcelorMittal is progressing to our satisfaction.

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Finding the Right Path

ANAND SINHA

Most companies default to the same approach for executing each new strategy. Here's a framework for your journey.

BY LAURENCE CAPRON and WILL MITCHELL

Executing a new strategy nearly always involves acquiring new resources and capabilities. Since firms cannot possibly get everything they need through internal development, it seems reasonable in theory to expect that they will often turn to licensing agreements, alliances, and M&A as well.

Surprisingly, however, the typical firm relies overwhelmingly on one chief way of acquiring resources. In a 10-year global study of 162 telecom companies, we found that only one-third actively use all the methods available to them. Some still develop almost all resources in-house; others focus on licensing or joint ventures; others are M&A specialists. When a firm does add a string to its bow, it is usually just one: for example, M&A to complement internal development. What is more, when asked to explain why they struggle to build new resources and capabilities, few of the managers in our sample seemed to suspect that it is because they are doggedly applying the wrong approach. More than half flagged implementation as the primary cause of problems — in particular a lack of people and skills (67 per cent) and a poor ability to integrate acquired businesses (50 per cent).

By blaming implementation rather than looking at corporate-development strategy, companies leave a lot of value on the table. Our study demonstrates conclusively that firms using all the resource-acquisition methods outperform those with a narrow approach. Specifically, firms acquiring resources in multiple ways are 46 per cent more likely to survive over a five-year period than those relying mainly on alliances, 26 per cent more likely than those focusing on M&A, and 12 per cent more likely than those sticking with internal development. It is also worth noting that 54 per cent of managers who have not paid close attention to the tactics they have used report a high failure rate in resource acquisition, compared with only 20 per cent of those who have looked at the full range of options and made careful choices about which ones to explore.

Here, we provide a framework to help you become a more strategic decision maker when acquiring resources. We outline three questions you will need to consider, in sequence, to select the best tactics for the situations you face. In deciding whether to develop existing resources internally, ask yourself if they are relevant to your new needs. If not, it makes sense to pursue a contract or some other arrangement with an external provider. Figure out which way to go by gauging whether all parties have the same understanding of the resources' value. Unless everyone is in agreement, a contract would not work — and you must then sort out what depth and scope of relationship you want so you can choose between engaging in a strategic partnership and making an outright acquisition. (See *Finding Your Way to the Resources You Need.*)

Our framework builds on our formal research over the past decade and on extensive discussions with managers at established and emerging firms in multiple product and service industries throughout the world. By following this approach to acquiring new resources, you can prime your company for growth.

QUESTION 1
Do You Already Have Relevant Resources?

Developing new resources internally is faster and more effective than acquiring them from external parties when your

Choosing the Right Way to Acquire Resources

When deciding whether to develop resources internally or obtain them through purchase contracts, alliances, or acquisitions, you will need to weigh three criteria: the relevance of existing resources to the organisation's new strategic needs, the level of shared understanding with third parties (such as potential licensing partners) about the value of resources they will provide, and the desired depth and scope of relationships with those outside organisations.

Idea in Brief

The typical firm relies on one chief path to growth. Some companies develop most resources internally, others focus on licensing or joint venturing, and others are M&A specialists. When firms fail at resource development, they tend to see it as an implementation problem. But research shows that the mode of acquisition is crucial to success. What's more, companies acquiring resources in multiple ways are 46% more likely to survive the next five years than those relying mainly on alliances, 26% more likely than those focusing on M&A, and 12% more likely than those sticking with internal development. To select the right mode for the situation, ask three basic questions:

Are the resources you have relevant to the ones you want? If so, opt for internal development; if not, go outside the company.

How easy is it to agree with resource providers on the value of what they have to offer? You need a shared understanding of value to make a purchase contract work effectively. Otherwise, consider an alliance or a business acquisition.

How close a relationship do you need to have with your provider? If generating the resources you want requires the involvement of many people and units, M&A may be a better solution than a partnership.

firm's existing resources are similar to the ones you need and when you outshine competitors in the targeted area. Obviously, this means that most incremental advances are best undertaken in-house. But internal development can jump-start major initiatives, as well. The Israeli pharmaceutical firm Teva, for instance, has begun producing proprietary drugs in addition to its generics by building on existing research skills, both within its labs and through its long-term relationships with academic scientists. Similarly, Neuland Laboratories in India has used its established technical and production base to expand beyond commodity production of active pharmaceutical ingredients and create a contract research and manufacturing organisation.

Even when developed internally, new resources and capabilities that threaten to make current ones obsolete will meet with resistance from anyone invested in the old practices, culture, and processes. People may even shun the development of new resources in order to preserve existing values and retain power. As one of the managers in our study pointed out, this has happened in many telecom companies, where voice traffic departments have been loath to relinquish power to data traffic departments: "In some firms, investments and resource allocations (in) data technologies have been postponed or limited due to this internal competition."

For this reason, having technical or commercial knowledge that seems functionally relevant is not enough to enter a new business. Firms that require different organisational models often fare better if they import new systems rather than adapt what they have. When market pressures (notably in the case of acquisitions) provide momentum, the firm can integrate the new resources with some degree of buy-in from employees and other stakeholders.

Let us look at the British medical-imaging pioneer EMI and the Indian IT-consulting firm Infosys. EMI attempted to develop a new-generation CT scanner internally when its first device began to face competition. But its efforts were derailed by internal conflicts over resource use, technical trade-offs within its multiple labs, and disagreements among marketing personnel. In retrospect, the company would have been better off identifying and obtaining technology outside the firm. Indeed, it could have turned to the established X-ray equipment maker Picker, which was lagging in the market despite its strong technical capabilities and seeking a partner or even a buyer.

Infosys, by contrast, in-licensed new software technology when it began to offer health-sector services, even though the new services called for tech-development skills similar to those applied in its existing business. The company chose an external source because health care consulting required a substantially different organisational structure. By entering a licensing agreement, it created an immediate presence in the new market segment, bypassing the organisational conflict that would

have arisen if the company had attempted simply to adapt its existing offering.

One caveat: Conflict is not always something to avoid. You may be able to use it to generate insights that will help you build stronger resources. Be selective, though, because even productive conflict takes substantial time and effort to manage. If internal debates will yield benefits that you could not obtain from external sources, use them — but bring them to a close after the insights emerge.

Also, choosing between internal and external approaches is not a once-and-for-all decision. Smart companies revisit the question all the time as they build their competitive positioning in new businesses. When General Electric entered the CT scan business, for instance, it licensed technology from the early entrant Disco because GE believed that its existing radiography skills provided an inadequate knowledge base to thrive in the new market. But after GE had expanded that base, it continued with internal development of highly successful CT instruments.

QUESTION 2
Do You and Your Provider Have a Shared Understanding of Value?

If internal development does not seem sufficient, a contract such as a licensing agreement may be a sensible route, because it is the simplest way of obtaining resources externally. Pharmaceutical firms, for instance, commonly license the rights to register and market other companies' drugs in particular geographic markets.

However, purchase contracts work only when the parties craft a transparent agreement. They fail when partners do not start with a shared understanding of the resources' value. If one side knows less about that value than the other, it will be reluctant to negotiate a contract for fear of being taken advantage of. Bosch, a German automotive and industrial technology company, considered using a purchase contract to obtain air-conditioning technology from the Japanese firm Denso but decided not to, because Denso had far more knowledge about the value of the resources.

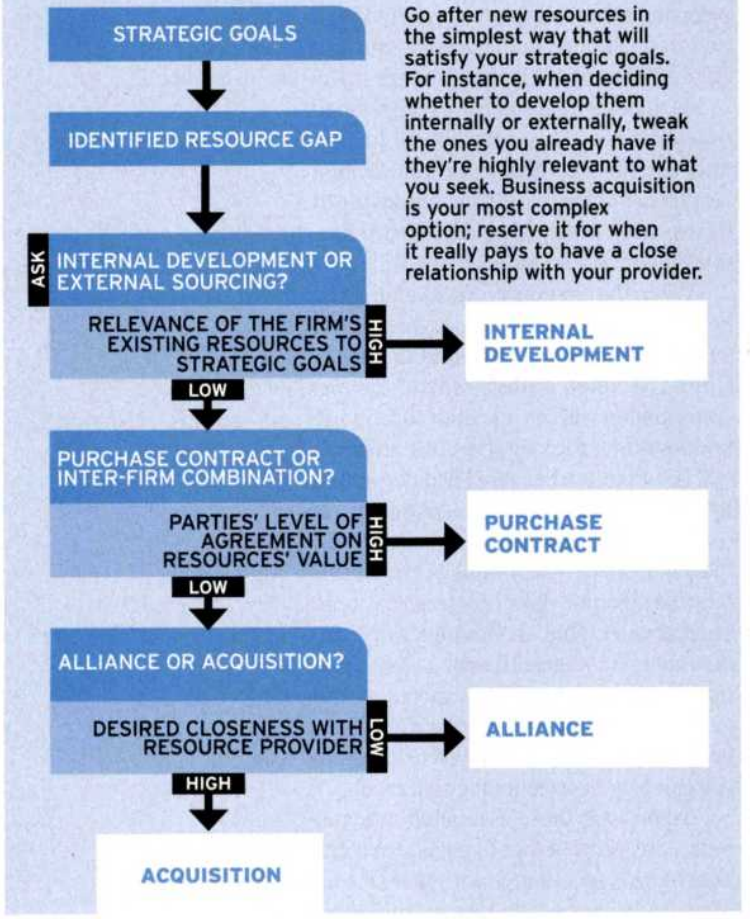
It is even more common to struggle with assessing a contract's value because the exchange of resources has unquantifiable effects. The former Swedish drug company Astra and the US company Merck explored using a simple licence to introduce Astra's anti-ulcer drug Prilosec to the US but quickly realised how complicated that would be: They would need to conduct extended clinical tests and create a new form of pharmaceutical marketing in the US, all of which was difficult to reduce to a dollar amount for a licence.

When the present or future value of the new resources is elusive, the two parties will struggle to agree on terms and to enforce them to both sides' satisfaction. Coordination will become time-consuming and costly over the long run. Such problems will be attenuated or amplified depending upon the skills of the firm looking for resources. As one manager explained to us: "The more data skills you have, the less intangible this know-how becomes. The more qualitative insights and feelings you have, the more you reduce the risk of not commanding the intangible aspects of the technology you buy." In other words, you need to possess certain competencies before you can acquire a technology effectively.

If you lack those competencies, you must consider whether to engage in some kind of broader alliance with an external provider. Alliances can take many forms, ranging from R&D and marketing partnerships to freestanding joint ventures. They allow firms to create governance mechanisms that protect the partners from opportunistic behaviour. Such mechanisms are often imperfect but provide greater security than arm's-length purchase contracts, and they can establish systems for coordinating ongoing exchanges between the partners as the value of the resource transfer becomes clear. For instance, Astra

Smart companies keep revisiting the question of how they should develop new resources.

Finding Your Way to the Resources You Need



and Merck commercialised Prilosec in the US through a joint venture, AstraMerck. The partnership accomplished what a licensing agreement could not: It established a framework for transferring technical knowledge needed for clinical trials, developing a new approach to retailing in the US gastrointestinal medical market, specifying the financial commitments and rights of each partner, and coordinating and adapting activities over time.

Alliances are most effective when relatively few people and organisational units from each party need to work together to coordinate the joint activities. That was the case in the AstraMerck venture. Similarly, General Electric's aerospace business and the French firm Snecma have maintained a long-term aircraft engine venture, CFM, that rests largely on independent activities by the two partners. Little contact is required to coordinate technical and marketing activities in different geographic markets.

A classic example of an alliance that failed because it was too broad in scope: the attempt by Renault and Volvo to integrate their development and marketing efforts while remaining independent companies. The carmakers created a complex set of governance and management groups to coordinate activities. Their joint work managed to produce a few vehicle offerings but quickly foundered as conflicts arose between the firms. The alliance was far too complex for two independent, presumably equal parties to manage. Renault learned its lesson, though. It insisted on taking the strategic lead in its alliance with Nissan, essentially acquiring control of the Japanese company.

QUESTION 3
How Deeply Involved Do You Have to Be with Your Partner?

Suppose that a partnership would not take you far enough towards your goals — or that generating the resources you want will require the involvement of many people and organisational units. Corporate acquisition might be your best alternative, especially if the relationship between your firm and the resource provider would involve highly strategic assets.

For instance, when trying to find new uses for the active ingredient in the erectile-dysfunction drug Cialis, Eli Lilly decided to purchase cocreator ICOS rather than continue with the firms' partnership. It became clear that the new development efforts would call for too much coordination over too long a time period for the alliance to keep working effectively.

Of course, business acquisitions are a crude means of obtaining specific resources. They are often costly and disruptive for the merging firms. But they do allow the resource-seeking company to control coordination of targeted and current resources, form a more stable knowledge platform for future developments than alliances would offer, and gather

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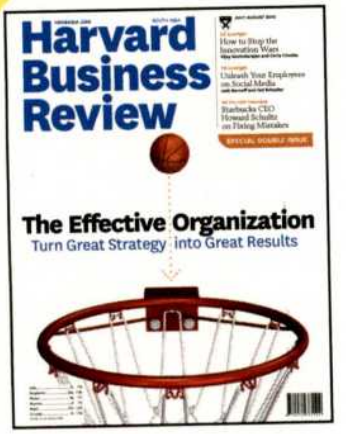

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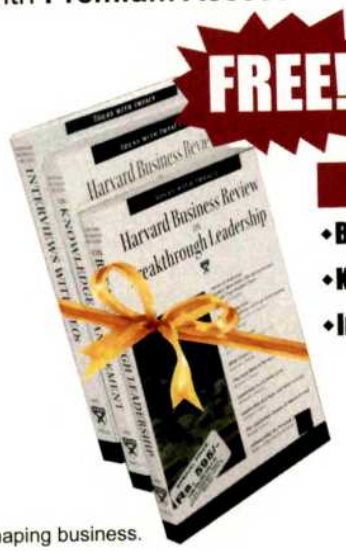

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In Practice: Eli Lilly

Good corporate development involves cultivating the full range of resource-acquisition capabilities: nurturing internal development, negotiating contracts, managing partnerships, and buying other businesses.

Take Eli Lilly. Several thousand people are engaged in an extensive set of internal development projects at Lilly Research Laboratories in the US, China, Singapore, Spain, and elsewhere. The company decides whether to invest in such projects by determining which ones will build on its existing capabilities. Around 80 per cent of its major projects focus on three core therapeutic categories: cancer, diabetes, and neurological disorders. Lilly also actively pursues purchase contracts. Over the past two decades, it has secured approximately 200 in-licensing agreements. These confer rights to compounds, products, delivery technologies and devices, development and production processes, software, and geographic markets. Lilly uses basic licences only when it can negotiate focused agreements to cover the primary contingencies. But when development and commercialisation relationships are somewhat complex, the company typically forms alliances, ranging from stand-alone joint ventures to cross-site collaborative partnerships. Lilly created the Office of Alliance Management to help figure out when partnerships make sense and to oversee the ones the firm chooses to pursue. The company now uses alliances to develop products and technologies that draw on the partner organisations' combined capabilities. It has undertaken more than a hundred such partnerships during the past 20 years. Lilly relies on M&A when relationships between independent partners would be too intricate to manage. It has an active acquisition-evaluation team that includes senior corporate leaders. The company has acquired around a dozen firms in the past 20 years, for more than $14 billion. In 2007, for instance, Lilly paid more than $2 billion for ICOS, its partner in the development of Cialis. (Almost half of Lilly's acquisitions involve prior partners.) The reason for the acquisition? The relationship between Lilly and ICOS had evolved so that joint activities needed substantial integration, partly to commercialise and develop new dosages of Cialis and partly to investigate additional uses for its active ingredient, such as treating pulmonary arterial hypertension.
The ability to go after resources in the right ways and effectively implement its choices underlies Lilly's successful growth and transformation.

more encompassing resources than discrete licences would provide. Johnson & Johnson, for instance, has long followed a strategy of buying businesses and then, over time, reconfiguring and integrating the targets with the company's other business units. In this way, J&J has created and commercialised many important products, from Tylenol to drug-coated stents.

M&A needs to be the final choice in the decision sequence because acquiring and integrating your target firm requires so many financial and managerial resources. Keep in mind that overreliance on acquisitions adds to your overall risk and may stretch your M&A integration capabilities too thin. In some cases, a difficult alliance may be preferable to one acquisition too many.

Firms using M&A regularly must be disciplined about selling off the resources they do not need, lest they become overloaded with excess baggage. J&J sheds businesses when it has extracted what it wants. General Electric divests as often as it purchases, after reconfiguring its targets.

It is not hard to see why firms tend to focus on just one mode of resource acquisition. Each approach calls for different selection skills and implementation capabilities, which in turn call for different cultures and organisational structures, and these all take time to build. Although sticking with one mode may work in the short term, the long-term risk is that the company will end up doing the wrong things really well, lagging more broadly capable competitors, and, quite likely, becoming targets themselves. ◆

Laurence Capron *is a professor at Insead in Fontainebleau, France, and the research director of the Insead-Wharton Alliance.* **Will Mitchell** *is a professor at Duke University's Fuqua School of Business in Durham, North Carolina.* *This article was published in* Harvard Business Review, *July-August 2010.* *Copyright @2010 Harvard Business School Publishing Corporation. All rights reserved.*

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Our Growth ...

(₹ Crores)

UNAUDITED STANDALONE FINANCIAL RESULTS (AFTER LIMITED REVIEW) FOR THE QUARTER ENDED 30TH SEPTEMBER 2010

Sl. No.	PARTICULARS	3 Months Ended 30.09.2010	Corresponding 3 Months ended in the previous year 30.09.2009	6 Months Ended 30.09.2010	Corresponding 6 Months ended in the previous year 30.09.2009	Previous accounting year ended 31.03.2010 (Audited)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Sales / Income from Operations	8715.46	6916.55	15476.69	12716.14	34198.47
	Less:Excise Duty/Service Tax	387.05	291.34	668.59	495.28	1318.17
2	Net sales/income from operations	8328.41	6625.21	14808.10	12220.86	32880.30
3	Value of production (Net of Excise duty/ Service Tax)	8717.49	6806.37	15320.58	12425.60	33597.94
4	Other Operating Income	162.24	102.31	283.59	178.08	692.51
5	Total Expenditure	6992.36	5589.09	12755.27	10764.65	27772.52
	a) (Increase)/decrease in stock-in-trade and work in progress	-393.15	-178.66	-518.40	-208.71	-786.65
	b) Consumption of raw materials	5357.21	3971.92	9291.82	7547.20	20094.05
	c) Staff Cost	1264.09	1068.96	2601.84	2182.64	5152.93
	d) Depreciation	134.10	93.41	260.99	189.51	458.01
	e) Other expenditure	630.11	633.46	1119.02	1054.01	2854.18
6	Profit from operations before other income, interest & taxation (2+4-5)	1498.29	1138.43	2336.42	1634.29	5800.29
7	Other income	161.99	195.50	325.44	422.59	823.86
8	Profit before interest & taxation (6+7)	1660.28	1333.93	2661.86	2056.88	6624.15
9	Interest	5.93	4.52	9.76	8.80	33.50
10	Profit Before Tax (8-9)	1654.35	1329.41	2652.10	2048.08	6590.65
11	a) Provision for Taxation (incl deferred tax)	515.84	471.53	845.94	736.94	2319.21
	b)Prior period tax	-3.77		-3.77	-17.33	-39.20
12	Net Profit (10-11)	1142.28	857.88	1809.93	1328.47	4310.64
13	Paid-up Equity Share Capital	489.52	489.52	489.52	489.52	489.52
	(Face Value per Share (Rs.))	(10)	(10)	(10)	(10)	(10)
14	Reserves excluding revaluation reserves					15427.84
15	Earnings per Share Basic and Diluted (not annualised) (Rs.)	23.33	17.53	36.97	27.14	88.06
16	Public shareholding					
	No. of Shares	158009600	158009600	158009600	158009600	158009600
	Percentage of shareholding	32.28%	32.28%	32.28%	32.28%	32.28%
17	Promoters and promoter group Shareholding					
	a) Pledged/Encumbered					
	-No. of Shares			NIL	NIL	NIL
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)					
	-Percentage of shares (as a % of the total share capital of the company)					
	b) Non-Encumbered					
	-No. of Shares			331510400	331510400	331510400
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)			100%	100%	100%
	-Percentage of shares (as a % of the total share capital of the company)			67.72%	67.72%	67.72%

Nation's Pride ...

(₹ Crores)

SEGMENTWISE REVENUE, RESULTS AND CAPITAL EMPLOYED

		3 Months Ended 30.09.2010	Corresponding 3 Months ended in the previous year 30.09.2009	6 Months Ended 30.09.2010	Corresponding 6 Months ended in the previous year 30.09.2009	Previous accounting year ended 31.03.2010 (Audited)
1	**Segment Revenue**					
	A. Power	6965.03	5428.32	12364.91	9997.13	26860.70
	B. Industry	1857.67	1595.42	3333.98	2927.92	7878.96
	Total	8822.70	7023.74	15698.89	12925.05	34739.66
	Inter segmental revenue	107.24	107.19	222.20	208.91	541.19
	Sales / Income from operations	8715.46	6916.55	15476.69	12716.14	34198.47
2	**Segment Results (Profit before tax and interest)**					
	A. Power	1473.12	1121.94	2543.25	1950.08	6317.03
	B. Industry	305.45	270.55	475.86	432.53	1642.46
	Total	1778.57	1392.49	3019.11	2382.61	7959.49
	Less Interest	5.93	4.52	9.76	8.80	33.50
	Other unallocable expenditure net of income	118.29	58.56	357.25	325.73	1335.34
	Total Profit before Tax	1654.35	1329.41	2652.10	2048.08	6590.65
3	**Capital Employed (Segment Assets - Segment Liabilities)**					
	A. Power			2341.47	-1042.39	2505.69
	B. Industry			2779.38	1816.22	2248.90
	Capital Employed (including unallocable common)			15046.30	11012.49	12988.33

The figures have been regrouped , wherever necessary.

Notes:-

1- STATEMENT OF ASSETS AND LIABILITIES

(₹ Crores)

PARTICULARS	Stand Alone	
	As at the end of 30.09.2010	As at the end of 30.09.2009
SOURCES OF FUNDS		
SHAREHOLDERS FUND:		
(a) Capital	489.52	489.52
(b) Reserves and Surplus	17237.77	13777.76
LOAN FUNDS	416.99	135.30
TOTAL	18144.28	14402.58
APPLICATION OF FUNDS		
FIXED ASSETS (Incl.CWIP)	4115.88	2887.96
INVESTMENTS	428.37	52.34
DEFERRED TAX ASSETS (NET)	1517.47	2047.15
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Inventories	10708.10	9304.93
(b) Sundry Debtors	22103.93	17071.01
(c) Cash and Bank balances	8677.00	9145.00
(d) Other current assets	258.66	350.47
(e) Loans and Advances	3888.21	3098.62
Less:Current Liabilities and Provisions		
(a) Current Liabilities	29558.36	25108.31
(b) Provisions	3994.98	4446.59
NET CURRENT ASSETS	12082.56	9415.13
TOTAL	18144.28	14402.58

2. Details of Investor Complaints:

Pending as on 01.07.2010	Received during the quarter	Resolved during the quarter	Pending as on 30.09.2010
Nil	200	200	Nil

3. The company has an outstanding order book position of about ₹ 154000 Crores at the end of Quarter -II 2010-2011.

4. The above results have been reviewed by the Audit Committee and were taken on record by the Board of Directors in their meeting held on 29-10-2010.

5. The above results have been reviewed by the Auditors as per clause 41 of the listing agreement.

For Bharat Heavy Electricals Limited

Sd/-
(B. Prasada Rao)
Chairman & Managing Director

Place : New Delhi
Dated : 29.10.2010

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PRO-AM OF CHAMPIONS 2011

New Beginnings

A new venue, Chandigarh, joined the circuit as the 2010-11 edition of the *Business Today*-Honda Pro-Am of Champions got under way. BY SHARAD KOHLI

Jaspreet Singh Bakshi, Chief Executive, Astra Agro Foods

M.S. Pooni, Chief Executive, Rana Polycot

Shekhar Kapur, Director, Agni Bio-power Energy

A warm and sunny autumn day greeted the return of India Inc's favourite outing, the BT-Honda Pro-Am, on October 16. The Shivalik hills provided a pretty backdrop to the season's opener.

Often regarded as India's golf nursery, Chandigarh, the City Beautiful, lives and breathes the game. This pleasant city has given India its best swinger, Jeev Milkha Singh, and a host of other talents. Now, it has become one of the stopovers in the BT-Honda Pro-Am's five-leg circuit. Welcome to the exclusive club.

The city's golf-loving community of retired servicemen and bureaucrats, and also politicians and top businessmen, gathered at the charming Chandigarh Golf Club, one of the country's most popular layouts, to tee off in India's oldest Pro-Am tournament. And after an overly long monsoon, the October sun came out to shine brilliantly on the eager amateurs. It was perfect weather for a round of

Jagdeep Singh Cheema, President of the Chandigarh Golf Association (member, winning team), receives the prize from Rakesh Sidana, North Zone Head of Honda Siel Cars

Randeep Singh, Congress MLA from Nabha, winner in the 0-10 handicap category, receiving the prize, as B.S. Gill, President of the Chandigarh Golf Club, looks on

golf, and the CGC layout was, as usual, up to the mark.

The response to the event was fantastic — the best ever, by all accounts, for a new venue. A total of 120 players participated. Such was the demand for spots in the field that a few enthusiastic golfers had to be turned away. Clearly, corporate golf, even away from the metros, is thriving.

Among those taking part was track and field legend, Milkha Singh (Jeev's father). The indefatigable Singh, astonishingly fit for a septuagenarian (he is 75 years old), came home to Chandigarh, from the Commonwealth Games in Delhi, to play the *BT*-Honda Pro-Am. Not surprisingly, Singh played all 18 holes, and can put to shame many players half his age with his stamina and drive.

For most, it was a privilege just to be teeing off in the *BT*-Honda Pro-Am. For those with a competitive bent of mind (and many movers and shakers, both in government service and in the corporate world, simply hate to lose on the golf course), the sole purpose of participation was to come out on top — and take home the big prizes on offer.

Coming out comfortably on top in the team category was the foursome of Jaspreet Singh Bakshi, C.S.R. Reddy, Jagdeep Singh Cheema and T.L. Verma. The quartet of Mohit Verma, S.P.S. Ghai, Shekhar Kapur and M.S. Pooni had to be content with second place. In the individual titles, T.L Verma led in the 19-24 handicap category, finishing with 38 points. The laurels for wining in the 11-18 handicap category went to M.S. Pooni, with 40 points. In the 0-10 handicap category (and these are the best golfers of the lot), Congress MLA from Nabha (Patiala) Randeep Singh saw off his challengers to claim the first place with 38 points. Each of the top three individual winners got a trophy, a GN travel bag by Honda, a Religare souvenir and a putter set, a Cleveland wedge, and a bottle of Whyte & Mackay scotch whiskey.

Mohit Verma, Director, TL Verma & Co

The Honda Jazz X, on display during the *BT*-Honda Pro-Am

Vishal Awasthi (Vice President-Activation, Religare) and Rakesh Sidana, North Zone Head of Honda Siel Cars India Ltd gave away the prizes to the winners and runners-up. Also present was Vipul Hoon, General Manager for Marketing, Business Division, *India Today* Group.

Honda Siel Cars India, always a loyal patron of the *BT*-Honda Pro-Am of Champions, was the co-title sponsor, while Religare was the associate sponsor. Cleveland was the prize sponsor and United Spirits the beverage partner.

The next stop for the *BT*-Honda Pro-Am is Kolkata on November 12. Roll on Tolly! ◆

PHOTOGRAPHS BY MONEY SHARMA

An Evening for Winners

India's small and medium entrepreneurs rarely get the limelight they deserve although they are the heart of the economy. BT and YES Bank are changing all that.

The second edition of the *Business Today*-YES Bank SME Awards ceremony was an eagerly-awaited event after the success of last year's show. There was a slight autumn nip in the air as the guests started gathering in the Ballroom of The Grand, New Delhi. The event began on the dot, with the arrival of the Chief Guest, Union Minister for Road Transport and Highways Kamal Nath.

After Chaitanya Kalbag, Editor of *Business Today*, set the ball rolling, Aroon Purie, Editor-in-Chief, India Today Group, pointed out that there is nothing small or medium about the SME sector. "The sector accounts for nearly half of India's manufacturing, 40 per cent of exports and eight per cent of its GDP. About 26 million SMEs provide employment to over 60 million people," he noted. The enterprise and drive shown by the SMEs has been one of the most important factors of India's economic growth.

Purie said the sector, despite having to struggle for finances and credibility and deal with red tape, antiquated laws and bad infrastructure, has done an outstanding job and will play an important role as India aspires to become the world's third-biggest economy.

Echoing Purie, Rana Kapoor, Founder and Managing Director and CEO of YES Bank, said the responses to the SME contest had gone up signifi-

"SMEs have shown an infinite capacity to adopt and adapt"

Kamal Nath
Union Minister for Road Transport and Highways

From left to right: B. Haribabu and Krishna Teja of Bhagavathi Ana Labs; K.G. Gupta and Vikram Gupta of GKB Opthalmics; V.K. Singh, Camson Bio Technologies; Apurva Shah, Veeda Clinical Research; Jaydev Sanghavi, Aarvi Encon; Aroon Purie, India Today Group; Virendra D. Sanghavi, Aarvi Encon; Union minister Kamal Nath; Rana Kapoor, YES Bank; Kiran Kumar Kapila, Intercontinental Consultants and Technocrats; Kailash Katkar and Sanjay Katkar, Quick Heal Technologies; Gaurav Rungta, Man Structurals; Roop Narayan Sharma, Shree R.N. Metals; Tonmoy Das, Assam Hospitals; Rajeev Surana, Gravita India; and Muralidharan Nayar, Nitta Gelatin India.

cantly to over 60,000 this year from around 10,000 last year. "We are expecting a higher participation next year. Our target is to get at least 1.5 lakh applications," he said.

Recognising the SMEs as the backbone of the economy, Nath said the growth of the sector in the last 40 years highlights the entrepreneurial abilities of the people. "In the SME sector, we have seen the unleashing of entrepreneurship," he said.

The minister said if there was one factor that distinguished the countries worst hit by the recession from those that were relatively unaffected, it was the state of their SME sector.

"The US is still struggling because their SMEs were affected and they are not recovering. Even in Europe, the SMEs are in great trouble. So the SMEs represent the index of economic health of a country. In India, the SMEs have shown an infinite capacity to adopt and adapt and that's why they were able to survive," he said.

Nath said the challenge is not just to sustain growth but to take it to all parts of the country. "The SMEs have a huge role to play. They will have to look towards new ideas, change their own bandwidth, transform themselves and find ways to stimulate the future," he said.

The country faces the biggest deficit in infrastructure. "We need better road connectivity to the ports and airports. The turnaround time in our ports as compared to Hong Kong is 5-6 times more," Nath said. These factors burden the SMEs with extra costs.

On his target of building 20 km of roads every day or 7,000 km a year, he said: "To be able to achieve 7,000 km of roads, we need to have 20,000 km of work in progress."

Globalisation means global competitiveness, he said. "If you are not competitive, you are not generating enough economic activities," he said.

The 13 winners had their moment in the sun as they went up to take their trophies from the minister, and gave snapshots of their stories. Their diversity was amazing. If Dr Tonmoy Das of Assam Hospitals struck success early, V.K. Singh of Camson had to slog for almost seven years before hitting pay dirt. For some, better returns mean an expansion. For B. Haribabu of Bhagavathi Ana Labs, the money matters only if he can build a hostel to care for mentally disadvantaged children, since not all parents can afford such care.

Malcolm D. Mistry, Publishing Director, India Today Group, proposed the vote of thanks. The awards process was validated by Grant Thornton, the liquor sponsor for the function was United Spirits Ltd, and the hospitality partner The Grand, New Delhi. The TV media partner was Bloomberg UTV◆

"India's growth is being spurred by the enterprise and drive of SMEs"

Aroon Purie
Editor-in-Chief, India Today Group

Great Lakes Institute of Management

Global mindset, Indian roots

Offers Post Graduate Program in Management [PGPM]

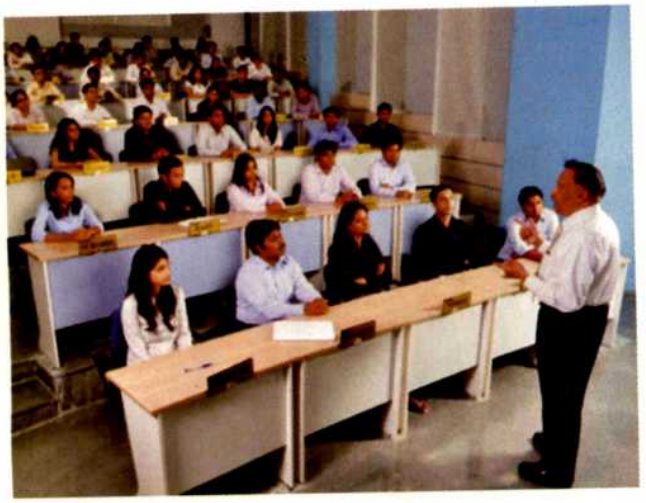
Dr.Bala V. Balachandran - Founder & Dean of Great Lakes

It wouldn't be an exaggeration to say that giant conglomerates that exist today were created by a tiny bunch of superior managers who carved out challenges with solutions and overcame turbulent market puzzles with ease. Gone are the days when managing a company meant bossing around with a stiff head. Today, managers are looked up as store houses of strategies and treasure chests of knowledge: a rarified tribe who confront tribulations and come up with smooth plans to recover. Thanks to superior management institutions which have trained fine brains and qualified them to become smart managers for the future. To achieve such excellence, choosing an institution which can tick the right chords of talent is as important as the aspirations of becoming an exemplary manager or an entrepreneur in the future.

Great Lakes Institute of Management, Chennai is one such premier institution which focuses on training the best minds who become the DNAs for societal progress in the future. Instituted with the motto of providing top class education at reasonable costs and building a human capital for emerging economies, Great Lakes has carved for itself a unique name in the world of academics. Ranked among the top **20 B-schools in India as per 'Business World' June 2010,** Great Lakes is a believer of intellectual freedom, meritocracy and customer centricity.

Great Lakes provides ample tools to its students to survey themselves and explore their strengths to become better achievers and this makes a huge difference to students as most institutions are process driven, limiting their boundaries to academics only. *"Great Lakes prides itself on being a completely student run institution. Students participate in majority of the operational processes- making it a total democracy,"* says **Dr.Bala.V.Balachandran, Founder and Dean** and the brain behind Great Lakes Institute of Management.

The Business Advisory Council of Great Lakes comprises of prominent names such as Mr.Ratan Tata, Mr.Madhur Bajaj, Mr.Jamshyd Godrej, Mr.N.R.Narayan Murthy, Ms.Indra Nooyi, Mr.S.Ramadorai and many others. Great Lakes faculty, full time as well as visiting, come from top universities around the world



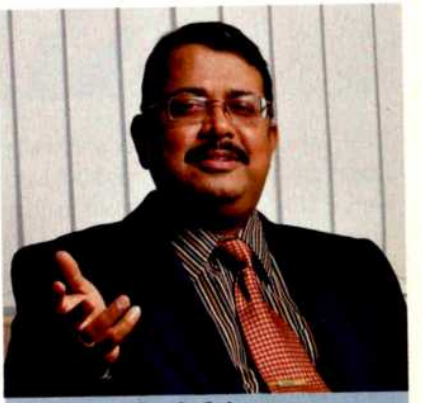
enabling the institution to provide education on par with other globally renowned academic institutions. No wonder, Great Lakes has been providing the best of management minds since 2004.

The flagship program offered by Great Lakes is the **Post Graduate Program in Management [PGPM],** which is a unique program specially designed to attract students with good industry experience. This program gives a wholesome experience to its students enabling them to emerge out as professionals with specially trained expertise in various business horizontals and verticals. Complementing the Business Advisory Council is the Academic Advisory Council - an aggregation of some of the greatest management brains alive in the world today. The two councils bring in a judicious mix of academic rigor and industry relevance through a well equipped curriculum that modifies itself according to the changes in the market.

The PGPM is a one year intensive fast track program spread over seven equal terms- with the first three focusing on core subjects and the last four focusing on electives. A Great Laker has got the option of branching out into Finance, Marketing, IT/Operations or Strategy/Leadership, based on his / her interest, after having gone through core management education in the first three terms. The option of dual majoring, in addition to the four majoring options mentioned above gives enough flexibility to individual students to sketch out their individual and unique career paths.

The Great Lakes pedagogy brings in a judicious mix of learning methods new as well as conventional. This includes lectures, seminars, group work, case studies and textual learning- the conventional approach- coupled with group discussions, simulations, business gains, role plays and peer interaction, thus giving a 360 degree gamut to knowledge assimilation. Capping this rigor, the institute offers an comprehensive Empirical Study which is quite different from the normal Project Work done in PG programs. The Empirical Study provides a golden opportunity for students to practically understand the linkages between the different aspects of management. Effective managers are not specialist in one specific domain; they should be good at seeing the inter-relationship between multiple domains. The Empirical Study gives hands on experience for gaining valuable insights into how a chosen phenomenon of interest in one domain relates itself to other facets of interest in management.

Another interesting highlight of Great Lakes is the diversity inside the classrooms. The 1:3 gender diversity, multi-sectoral diversity, ethnic diversity all these factors combine to ensure rich and synergetic peer learning within the class. PGPM students have the opportunity to learn under the best of management gurus available from the world over. Faculties from Harvard, Stanford, Yale, Kellogg, London Business School and Asian School of Business rub shoulders with a distinguished panel of full time faculty thereby making business learning an enriching experience for every student. *"If you are looking for an international faculty, outstanding peer group and exciting learning experience, you have made the right choice in looking at us,"* avers **Prof. S. Sriram, Executive Director** of Great Lakes Institute of Management and a highly qualified and experienced Professor of Strategy.



Prof. Sriram
Executive Director of Great Lakes

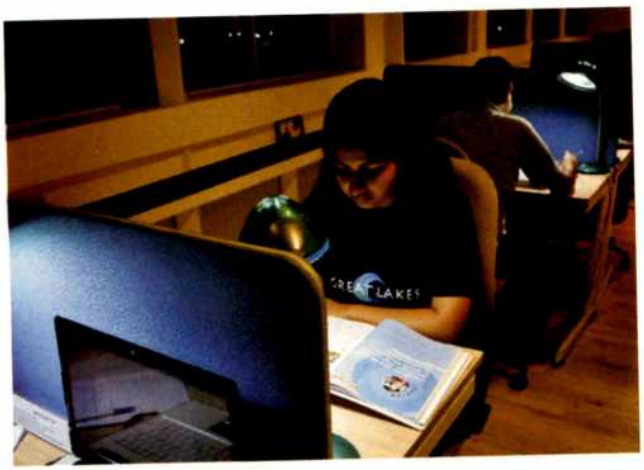
As part of the broad platform of academia-academia collaborations, Great Lakes has Memorandums of Understanding with Stuart Graduate School of Business, IIT Chicago USA, Yale University USA, Bauer College of Business, University of Houston, USA, Nanyang Technological University, Singapore, Universiti Tun Abdul Razak, Malaysia, Indian Institute of Technology Madras, India and Indira Gandhi Center for Atomic Research, India. These associations help Great Lakes in maintaining a keen edge in terms of a state -of-the-art global curriculum.

Great Lakes believes in the philosophy of Karma Yoga where actions are not driven by greed but by the ideals of selfless duty. Every PGPM student is required to do a full fledged Karma Yoga Project. The objective is to make them realize their social responsibilities and develop qualities like empathy, selflessness and giving back to the society. In the words of the Founder and Dean Dr.Bala.V.Balachandran ,"Great Lakes is high on CSR and the students are groomed to be not only exemplary corporate leaders but also responsible citizens."

All these characteristics make Great Lakes an attractive destination for potential employers. The placement track record of the institute has been impeccable since its inception with last year clocking an average salary of Rs. 8.7 lakhs and a maximum individual offer of Rs. 24 lakhs.

Great Lakes is not only excellent in the academic front but also impressive with its advanced infrastructure. The eye catching campus is spread across 27.5 acres of fresh green grounds which was recently awarded LEED platinum rated green campus award. The campus is situated at Manamai in ECR which is near the city of Chennai but away from its hot hustles.

The Wi-Fi enabled campus provides umpteen amenities to its students like independent single bed rooms, gym, game courts, canteen, utility shop, ATM, 24/7 hi-tech security all these and



much more in a campus which is fully air conditioned. One of the cherished treasures of Great Lakes is its Resource Center and Library which has meticulous collections of international books, publications, periodicals, journals, business magazines, case studies, abstracts and many other academic materials that will equip students and enhance their learning experience.

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This year the school is going international and students from abroad can apply for the PGPM course with valid GMAT scores.*"There is no corner of India that is unrepresented in Great Lakes. This year, we are going to enhance this diversity by going for International Admissions,"* says **Prof. Easwar Krishna Iyer, Director-Admissions,** a charming personality who teaches Marketing and is also the Director of the PGWPM program.

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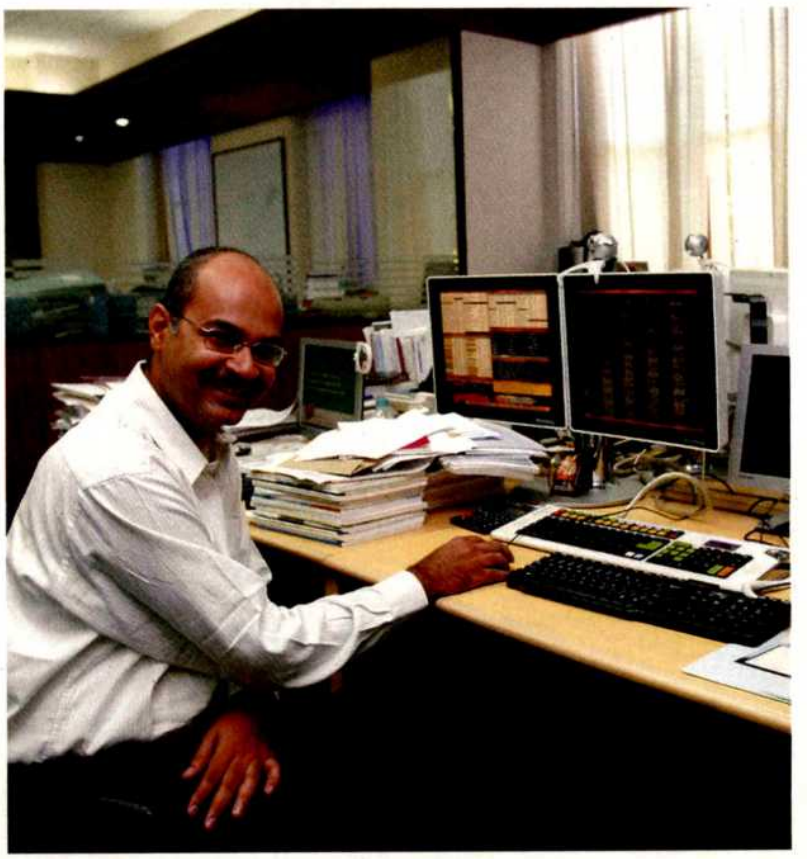
PLUS
MUTUAL FUNDS: PORTFOLIO REBALANCING

Small Bets, Big Profits

Small- and mid-cap funds have been outperformers in the past one year, but this should not make them the mainstay of your fund portfolio. BY TANVI VARMA

You did not need the Midas touch. All you required were some mid- and small-cap stocks to make your portfolio shine. All 10 top performing equity diversified funds in the past one year have mid- and small-cap stocks packed like sardines in their portfolios. At the top is the DSPBR Small- and Mid-cap Fund (see *The Chosen Ones*), which has 58 per cent of its corpus invested in mid-caps and 37 per cent in small-caps. Stocks such as Bayer CropScience and E.I.D. Parry in its portfolio have risen by around 150 per cent since the January 2008 peak.

The mid- and small-cap funds are also known as emerging opportunities or emerging businesses funds. They typically invest in small companies that have the potential to turn into large-cap companies. The IDFC Premier Equity Fund, for instance, focuses on emerging companies and has allocated more than 70 per cent to mid-caps and nearly 10 per cent to small-caps. These companies are significantly more nimble in their operations and because of a low base, they grow much faster, says Kenneth Andrade, Head of



KENNETH ANDRADE, Head of Investments, IDFC Mutual Fund

"Mid-caps are significantly more nimble in their operations and because of a low base, they grow much faster"

Investments at IDFC Mutual Fund.

IDFC Premier Equity has delivered a 52 per cent return in the past one year, outperforming the diversified equity category by 22 percentage points and the Sensex by 31 percentage points.

Similarly, the Magnum Emerging Business Fund has delivered a 51 per cent return in the past one year. Its top holding, Page Industries, has had a 30 per cent compounded annual growth rate in the past five years. The stock has risen from Rs 481 in January 2008 to Rs 1,240 now. Another key stock in its portfolio, Manappuram General Finance and Leasing, has seen a 700 per cent appreciation since January 2008, while Eicher Motors is up 200 per cent.

Many of the mid-caps in fund portfolios have competitive valuations and can deliver higher growth compared with the broader market. Currently, the average return on equity, or ROE, for the Sensex companies is 18-20 per cent, whereas stocks like Rallis have an ROE of 30 per cent, which is available at 15 times its 2011-12 projected earnings, says Sageraj Bariya, Analyst (Mid-cap) at Angel Broking. Even the current price to earnings ratio of the BSE Mid-cap Index stands at 21 times compared with 24 times for the Sensex.

These spectacular examples apart, the growth is not true for all mid-cap stocks. "With mid-caps, it is usually a stock-specific story," says Bariya. This explains the large variation in the performance of mid-caps. From January 2008 till now, mid-caps have delivered returns between 800 per cent and -80 per cent.

"These firms have the disadvantage of high capital costs and low margins because they are low on the value scale and are processors for larger companies. However, the firms that sell their end products to consumers have fared well," says Satish Ramanathan, Head of Equity at Sundaram BNP Paribas Mutual Fund.

During a downturn, mid-caps tend to fall harder than large-caps mainly because they are not as liquid. The BSE Mid-cap Index lost 75 per cent from its peak value in January 2008 till March 2009, compared with a 60 per cent fall in the Sensex.

Mid-cap funds fared no better. The Kotak Mid-cap Fund, for instance, performed poorly between January 2008 and January 2009. The fund lost 64 per cent compared with the 52 per cent drop in the index. The category average was -55 per cent.

This raises the crucial question: should you invest in mid- and small-cap funds? These are inherently more volatile than large-caps. While they offer good growth, they are also riskier and should ideally not be a part of the core portfolio. Use them to add zing to your portfolio but do not binge on them. Experts also suggest that one should not allocate more than 10-15 per cent of one's portfolio to mid- and small-cap funds.

It is pertinent to note that mid-cap funds have not fared as well as large-caps over the longer term. In the past five years, large-cap funds have delivered superior returns.

However, there are still some sectors that are likely to do well within this space, says Bariya. The consumer goods companies will ride on the India growth story, the capital goods sector will see a surge in demand with rising private capex, and the agriculture sector will gain from the thrust on agriculture and allied activities, he adds. ◆

Courtesy: *Money Today*

The Chosen Ones

Fund	6 Months	1 Year
DSPBR Small- and Mid-cap Reg	25.6	55
Reliance Equity Opportunities	23.9	54.6
HDFC Mid-cap Opportunities	24.4	53.1
UTI Master Value	23.1	53.1
Religare Mid-cap	24.2	52
IDFC Premier Equity Plan A	25.2	52
Magnum Emerging Businesses	20.7	51.9
Canara Robeco Emerging Equities	22.6	51.1
Kotak Mid-cap	26.1	49.6
IDFC Small- & Mid-cap Equity	21.3	49.2
Equity Diversified	16.3	30
BSE Sensex	13.1	20.9
BSE Mid-cap Index	18.7	33

Figures are returns in per cent as on Oct. 7, '10

Source: Value Research

» All the top 10 equity diversified funds are packed with small- and mid-cap stocks

» The average PE of the holdings of these funds is higher than that of the Nifty. This means the valuations are rich

A MIXED BLESSING

- Mid-caps can deliver higher returns than the broader market
- With mid-caps, it is usually a stock-specific story
- They are inherently more volatile than large-caps
- Ideally, they should not be a part of the core portfolio

Maintain the Right Balance

It is prudent for investors to rebalance their portfolios at regular intervals to match their asset allocation with their changing risk appetite. BY BABAR ZAIDI

Nobody likes losers. Certainly not Anand Talwalkar. The Mumbai-based manager at a public sector firm has been ruthlessly weeding out the underperforming funds from his portfolio. Out goes the JM Small- and Mid-cap Fund. It has earned 12.8 per cent in the past one year and lost 21.32 per cent every year since October 2007. The average returns for the category have been 24.6 per cent in the past year and 4.38 per cent in the past three years. Before you say good riddance, look at the other funds Talwalkar has sold. The SBI Magnum IT Fund has earned 37 per cent in the past year, but has been abandoned. With a 17.9 per cent annualised return, the DSPBR Micro Cap Fund has been the second best performer between the peak of January 7, 2008 and October 15, 2010. It has also been thrown out. "I am not only getting rid of underperformers but also the more risky sectoral, small-cap and mid-cap funds," says Talwalkar.

This dispassion is crucial if you want to win in this market. At 49, Talwalkar is 10-odd years away from retirement and wants to progressively reduce his exposure to volatile assets. The recent stock market rally has given him a perfect opportunity to do so. "It is a good way to reduce my equity exposure," he says. Talwalkar has not sold off his entire portfolio of equity funds. He has just rebalanced it to match his current risk appetite and desired asset allocation.

That is something you should also be doing with your portfolio. If you have a sizeable amount invested in the market and the surge in equities has drastically changed your asset allocation, it may be time to rebalance. This means taking some hard decisions, but it will help restore the original mix in your portfolio and reduce risk.

Before thinking about rebalancing, you need to determine your asset allocation, and then find out about the existing mix. If it is very different from the desired distribution, you could, say, offload some equities and reinvest the proceeds in

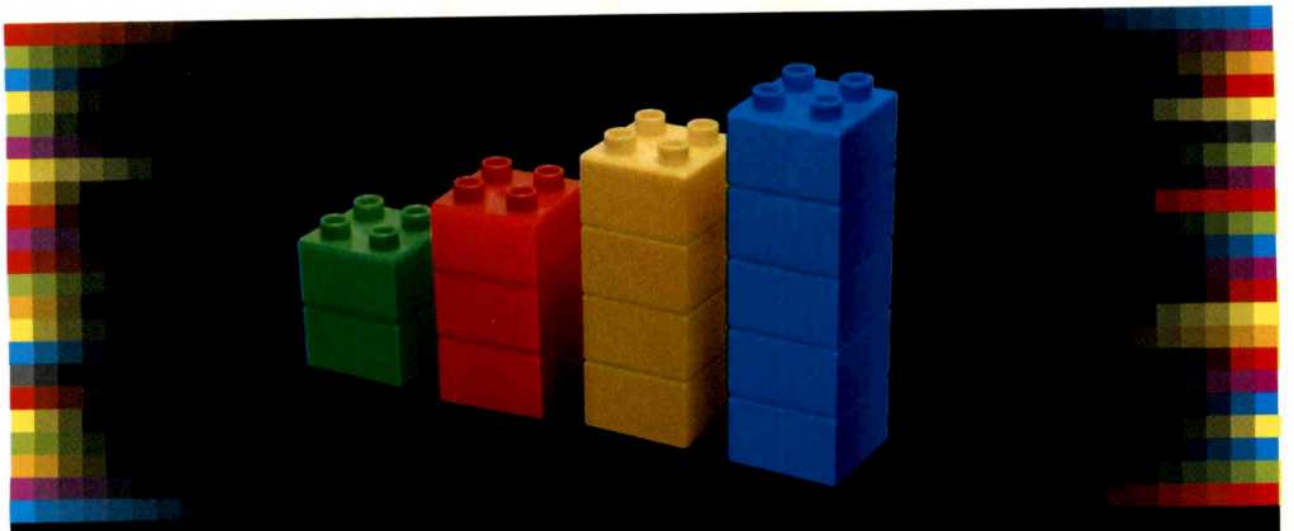
A. PRABHAKAR RAO

ANAND (R) & ARUNDHATI TALWALKAR (C), 49 & 44 YEARS

THEIR INVESTMENTS
Nearly Rs 42 lakh in equity mutual funds invested over more than a decade

THEIR STRATEGY NOW
Using the current rally to sell off the riskier mid- and small-cap funds in their portfolio

"We are reducing our exposure to high-risk investments because we are approaching retirement"



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Since Inception	26.24%	13.84%
NAV/ Index Value	₹ 56.282	6029.95
Date of Allotment	29th April, 1997	

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DSPBR Tax Saver Fund	Scheme	S&P CNX 500^
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Since Inception	18.34%	10.40%
NAV/ Index Value	₹ 18.649	4,925.15
Date of Allotment	18th Jan, 2007	

^Benchmark. Performance figures are Compounded Annualized Returns as on September 30, 2010. As per the SEBI standards for performance reporting, 'since inception' returns are calculated on Rs. 10/- invested at inception, viz. date of allotment. Returns for DSPBR Equity Fund are for Regular Plan - Reinvest Dividend Option and for DSPBR Tax Saver Fund are for Regular Plan - Growth Option. Performance of Dividend Option is net of Dividend Distribution Tax. **Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.**

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"Any Day is a Good Day to Start Investing in Funds"

Tushar Pradhan, CIO of HSBC Mutual Fund, says mutual fund investors should not be too concerned with the index levels

We are close to the highs of January 2008. Is it time to be greedy or fearful?

Being greedy or fearful hints at an attempt to time the market. Investors must realise that there is a clear distinction between stocks and mutual funds. Mutual funds should be seen as savings vehicles that give compounded returns over the long term. For fund investors, the market levels should not be a concern. They should only be worried about the period they can remain in the market to reap the benefits of long-term investing. They need not think about when they should enter. Just start investing — any day is a good day.

Investors often get it wrong when markets turn volatile. What is your advice?

It is counter-intuitive but true that small investors stop buying when prices are low and jump in only when the markets start moving up. If they look at the Sensex graph over the long term, they will probably wonder why they did not invest when the markets were at 8,000 during the meltdown of 2008-09. Regular investing would have helped them benefit from the low prices.

When and how often should fund investors rebalance their portfolios?

The need for rebalancing arises when you have a sizeable portfolio. For the average retail investor, there may not even be a need to rebalance. Ideally, one can restructure the portfolio once in 12 months. One should not do this too often because it defeats the whole purpose. On the other hand, investors should not be blind to the developments around them. They should not leave the rebalancing to a predetermined date in a year.

debt. You could also tweak it by stopping further investments in equities and routing all incremental investments into debt.

The rebalancing exercise should be undertaken once in 12-18 months. "If you do it frequently, it amounts to timing the market and defeats the whole purpose," says Tushar Pradhan, CIO of HSBC Mutual Fund (see *Any Day is a Good Day to Start Investing in Funds*).

To the lay investor, rebalancing may seem counter-intuitive. Who in his right mind would sell his stocks when the market is on an uptrend? Besides, haven't financial wizards like Warren Buffett said that the ideal holding period for stocks is forever? This is true, but asset allocation is a time-tested technique that can help you earn better returns than a "hold forever" strategy.

We back-tested this theory for an investment made five years ago. The asset allocation was 60 per cent in stocks and 40 per cent in debt. If we assume that the equity portfolio has matched the rise in the Nifty since October 2005 and that the debt portion has earned eight per cent, then the "hold forever" investor would have earned a lower return than the asset allocator who has rebalanced his portfolio once a year.

The one who rebalanced may have earned less in 2007 because he pruned his exposure to stocks, but rebalancing helped him gain from the low stock prices in October 2008. It was asset allocation that nudged him to reduce debt and add equities during those gloomy days when everybody wanted to get out.

In a bull market, rebalancing is profit booking by another name. This is the reason experts are advising clients to book profits now. "You cannot control risk on the way down. You have to control risk on the way up by prudent allocation and profit booking," says Kenneth Andrade, Head of Investments at IDFC Mutual Fund.

However, rebalancing is not required if your fund manager is careful about the risk in the portfolio. A good mutual fund will tweak its portfolio by itself to match the mandated asset allocation. According to data from the Association of Mutual Funds in India, or AMFI, mutual funds have been net sellers in 2010 offloading stocks worth Rs 22,663 crore since the start of the year. So, your mutual fund manager may already have booked profits on your behalf.

Also, rebalancing is not relevant for all investors. If the portfolio size is small, there is no need to alter your investments. For investors who put in small amounts at regular intervals, rebalancing is not required. ◆

Courtesy: *Money Today*

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LAST BUT NOT LEAST

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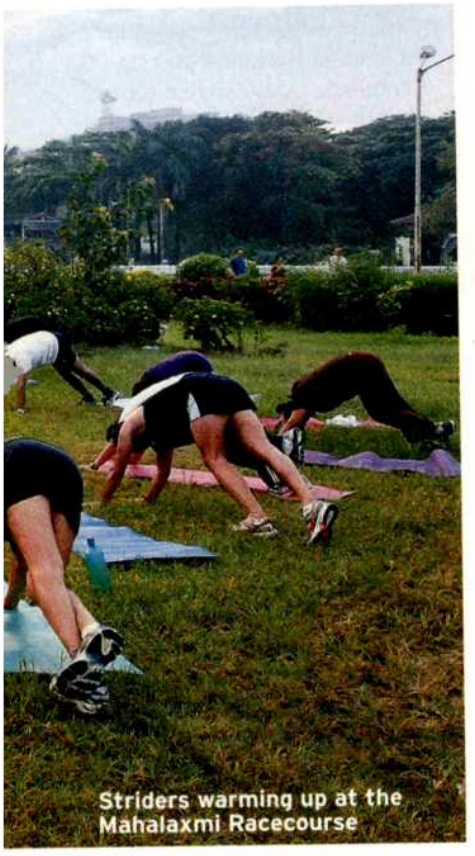
The Endorphin Junkies

Fund managers, bankers and corporate honchos of Mumbai are putting on their running shoes. Here is why. BY T.V. MAHALINGAM

PHOTOGRAPHS BY NISHIKANT GAMRE

It is a lazy Saturday dawn like any other in Mumbai. At a quarter to six, the trains and roads are empty but for loud milkmen and some bleary-eyed drunks. The Mahalaxmi Racecourse in the heart of the city is high on energy. Endorphins, to be precise. What on earth are endorphins? Endorphin or endogenous morphine is produced by the pituitary gland at times of stress or strenuous physical activity like running. It also gives runners like Sandeep Kothari the quintessential



Striders warming up at the Mahalaxmi Racecourse

"runner's high".

Make no mistake, Kothari is no junkie. The 40-year-old manages the domestic equity funds of Fidelity. Three times a week, at the crack of dawn, he and his wife Prachi head to the racecourse to pound the grass. "It is a good way to get your endorphin high," says a beaming Kothari. "It is also a great way to beat stress." Kothari regularly clocks 12-13 hours a day at the office. A regular participant at the Mumbai Marathon, which is held annually on the third Sunday of January, the Kotharis run as much as 45-50 km a week as they get closer to the marathon on January 16, 2011.

At the sprawling 325-acre racecourse, the Kotharis are not the only ones giving competition to the horses. In a small patch, nearly 50 middle-aged people are cooling off after their daily run. The group is a headhunter's delight as there is more senior talent on that piece of land than at a management convention. "It keeps me active throughout the day," says Jagdish Kumar, perspiring profusely, and clearly on the crest of a runner's high. When he is not running, Kumar, 48, is overseeing the happenings at STAR TV as president of its south Indian operations.

So, what has got busy professionals like Kothari and Kumar waking up with the larks and running? It is a group called Striders. Founded in 2004 by two former professional athletes — Praful Uchil, 39, and Deepak Londhe, 36 — the group has over 225 members who assemble at nine places in Mumbai. "Almost 75 per cent of our participants are in the age group of 40-45," says Uchil, a former 800-metre sprinter who has represented Maharashtra and his university in that category. Most of Striders' members participate in the Mumbai Marathon, which as an event has been drawing more and more corporate participation. Companies like TCS and Cadbury, which sign up their teams for the marathon, have also tied up with Striders to train their staff. The group charges its members about Rs 4,000 a quarter and Rs 18,000 a year.

And the members have no problems coughing that up. "It is a great experience to meet so many people from such diverse backgrounds," says Atul Bhatia, 49, who heads Research and Development at Cadbury India. He has just completed a year of running with the Striders. Bhatia says that running has made him far more disciplined. "It has come to a stage when it has stopped being a pain. Running is a calming experience, thanks to Striders," he says.

Thanks to referrals like these and a sound training system (all Striders trainers are athletes), the membership has doubled in the last two years. "We have two centres in Chennai and are about to start a new one in Bangalore and Nashik," says Uchil, who also points out that finding coaches is a problem. Currently, Uchil and Londhe are employed with Life Insurance Corporation and the Mumbai Port Trust, respectively, where they got in through a sports quota. Uchil says the group is not making enough for both the founders to make it a full-time profession. "Maybe, in a year or so," says Uchil. Guess Striders' marathon has just started. ◆

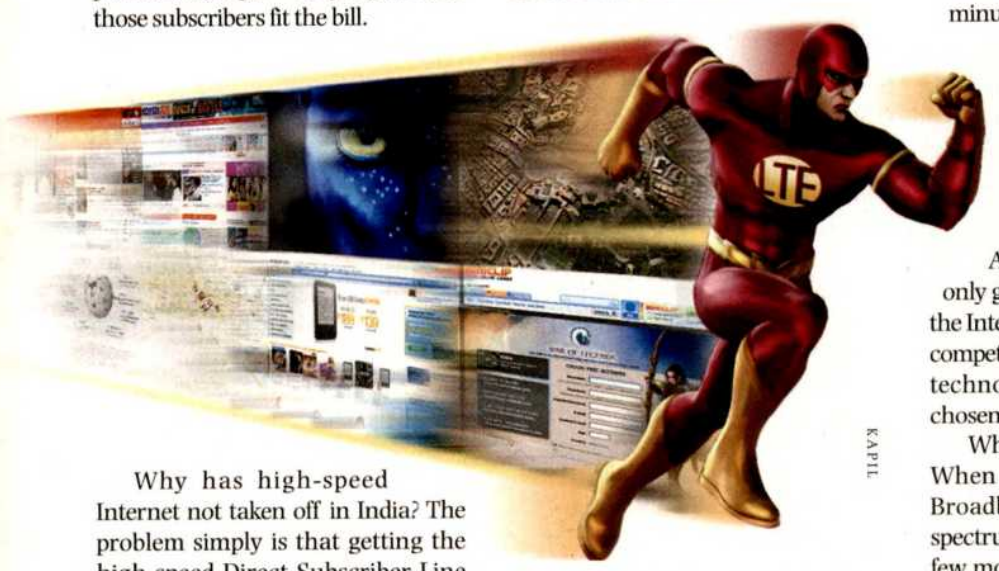
TIPS FOR BEGINNERS

- Do not start running long distances immediately
- Concentrate on strengthening your joints
- Do not aim for a full marathon (42 km) if you have just started. A half-marathon is good enough
- Do not treat a marathon like a race. Always warm up

Broadband on Steroids

Will a new wireless technology change the way you surf? By KUSHAN MITRA

Long years of waiting for real broadband speeds — India defines Internet speeds over 256 kilobits per second (kbps) as broadband — in the country may be over. Despite tall claims by technology companies and telecom administrators about the spread of broadband, by the end of 2010 there are unlikely to be more than 10 million broadband connections in India. And, by the international definition of "high-speed" Internet — over one megabits per second (mbps) — only a quarter of those subscribers fit the bill.



KAPIL

Why has high-speed Internet not taken off in India? The problem simply is that getting the high-speed Direct Subscriber Line (DSL) connection into a house is expensive and time-consuming for telecom operators. Despite the seemingly attractive high-speed packages, limits on downloads and splitting of high-speed DSL connections among multiple customers have not helped.

Much as this will sound like sales spiel, fear not, there is a new technology in town. Called Long-Term Evolution, or LTE, many people describe it as fourth-generation technology in the telecom business. LTE can offer very, very fast data connections. At a recent demonstration by telecom equipment maker Nokia Siemens Networks, speeds of over 100 mbps over an LTE network were demonstrated. As NSN reminded everyone around, the demonstration was done on commercially available networks.

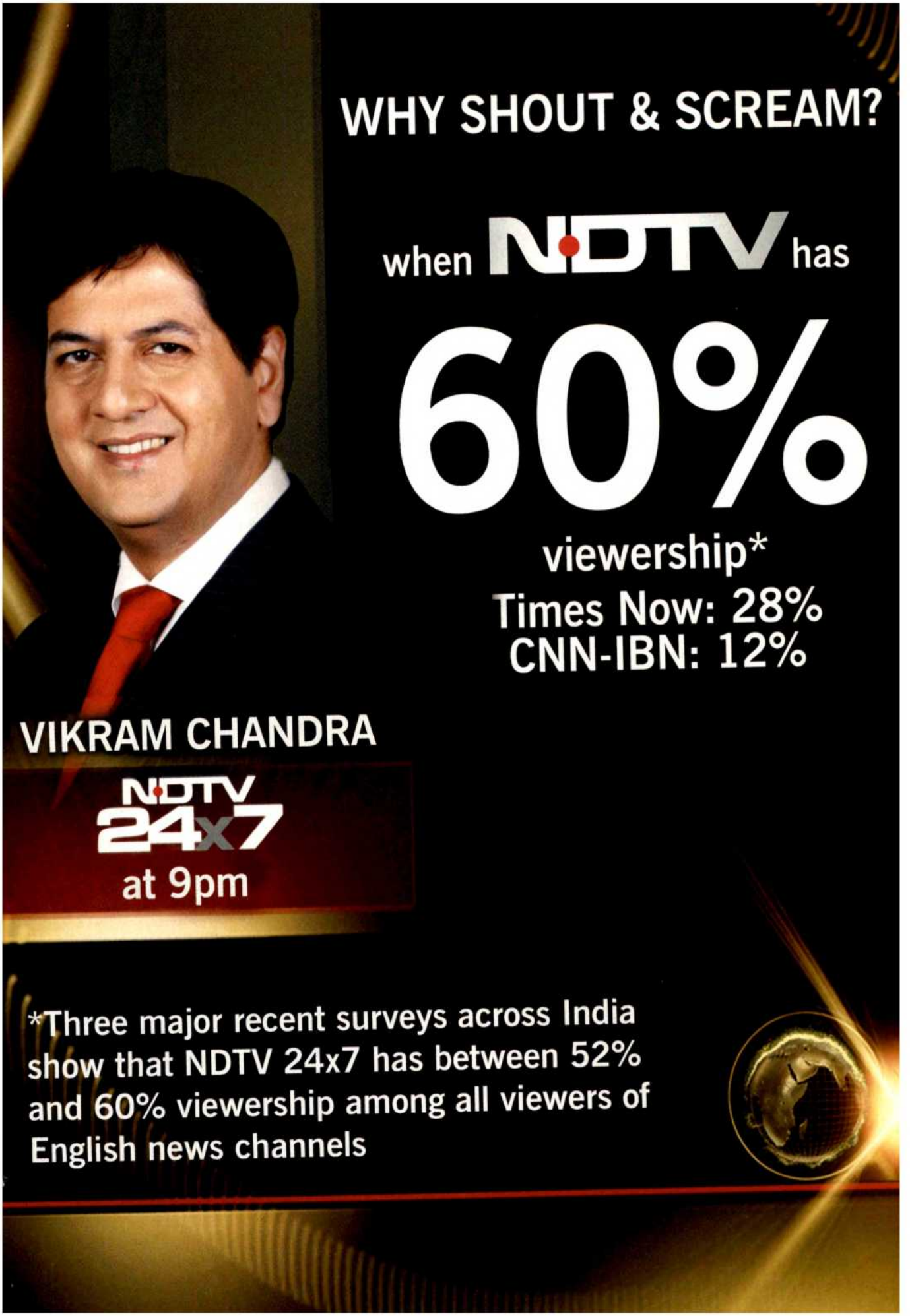
Telecom companies will argue that third-generation (3G) networks allow high-speed data access, but the meagre spectrum licensed to them by the government will mean data speeds of less than one-fifth of what LTE can offer. And because operators will also be offering voice services, data connectivity over 3G, while being initially fast, could get overwhelmed by hundreds of millions of voices.

This is not to say that data connectivity on 3G will not be a lot faster than anything currently. But it will not be enough to satiate demand for content. Take a look at the rise of YouTube in India. In spite of the paucity of broadband connections in the country, executives from Google, which owns the popular video site, claim that streaming matches of the Indian Premier League had over 55 million views from India. The television channel Colors puts up entire episodes of their shows on YouTube.

But there is a slight problem here. As we move to high-definition (HD), as video and gaming content move to higher resolution, the bandwidth needed increases. Take a look at the numbers: it will take 150 minutes to download a two-hour long HD movie on a 3G network and over 2,000 minutes on today's second-generation networks. Compare that with the 10 minutes LTE will take. Even if LTE operators restrict the bandwidth available to individual users, it will still be a lot faster than anything else available today. And speeds, if anything, are only going to get faster. There is also the Intel-developed WiMAX technology competing against LTE, but in terms of technology, many operators have chosen LTE as the way forward.

Who will bring this to you soon? When the government auctioned Broadband Wireless Access (BWA) spectrum along with 3G spectrum a few months ago, Reliance Industries couldn't have moved faster: the very day the bids closed the company bought the winning bidder.

That might prove to be a prescient move by Mukesh Ambani. India's richest man did dramatically shake up the voice telephony market when he launched his service eight years ago with phone tariffs unheard of until then. The affordability of broadband will be crucial, if India is to truly become a digital nation — and Ambani just might set the rules once again. ◆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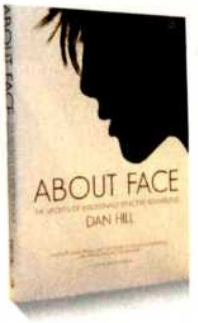
Reduced to Mush

The book does have a message, but it is not conveyed properly, says Santosh Desai.



About Face: The Secrets of Emotionally Effective Advertising
By Dan Hill
Kogan Page
Pages: 196
Price: Rs 1,392

Sometimes, the best way to get a sense of what a new book might be like is to note the books that have inspired the author. In the case of *About Face: The Secrets of Emotionally Effective Advertising*, the references fall more or less in two neat piles. On the one hand, there are accessible books on neuromarketing with titles like *Mapping the Mind*, *How We Decide*, *The Naked Brain* and *Neuromarketing: Understanding the Buy Buttons in Your Customer's Brain*. On the other, you have a whole lot of How To books on advertising — very American buy-now-or-repent-for-life sounding titles.

About Face falls in the second category. Take an important subject that can be treated with depth and nuance and treat it instead as a tutorial delivered to mentally challenged arthropods. Create a new buzzword of sorts, position yourself as an expert in something that sounds new and exciting and then say what is utterly familiar and comforting (Be on-emotion, not just on-message, create engaging sensory experiences, beware of creating cognitive dissonance, do not lead with price and so on). Cram the book with a lot of pseudo-scientific diagrams and factoids and, before you know it, you are a speaker on the international circuit, inflicting seminars on hapless seekers of the magic mantra.

It is not as if the essential point that the book seeks to make is not relevant. The overwhelming emphasis on messaging in advertising is, indeed, misplaced and consumers do respond to advertising through the primary filter of emotion, as the book argues. But the device of arriving at conclusions about relative effectiveness of different kinds of advertising by relying on eye tracking data is to use a very primitive instrument to measure something very fine and intangible. It is akin to a chef using data on salivation to create magical recipes!

In some ways, because marketing is taught at business schools, which have a strong bias towards quantitative methods of explaining the world, we tend to overplay the role of rationality in decision-making. One could argue that if we were truly rational, we would end up buying a fraction of things we do. Both emotion and rationality operate within a larger construct of constructed meaning. When we pay Rs 20 lakh for a car that provides no greater functional utility than one that costs Rs 4 lakh, there is a rational part of us that justifies this price because of the additional features and an emotional part that is seduced by what the car says about us.

What is interesting is the construction of the meaning system within which both rationality and emotion operate — the idea of personal mobility in our society, the transformation of a machine into a sign of masculinity and the communication of meaning through each element of the car.

Dan Hill takes a great subject and reduces it to generic mush. If the only thing you read about *About Face* is this review, you would have got off lightly. ◆

The author takes an important subject and treats it as a tutorial delivered to mentally challenged arthropods

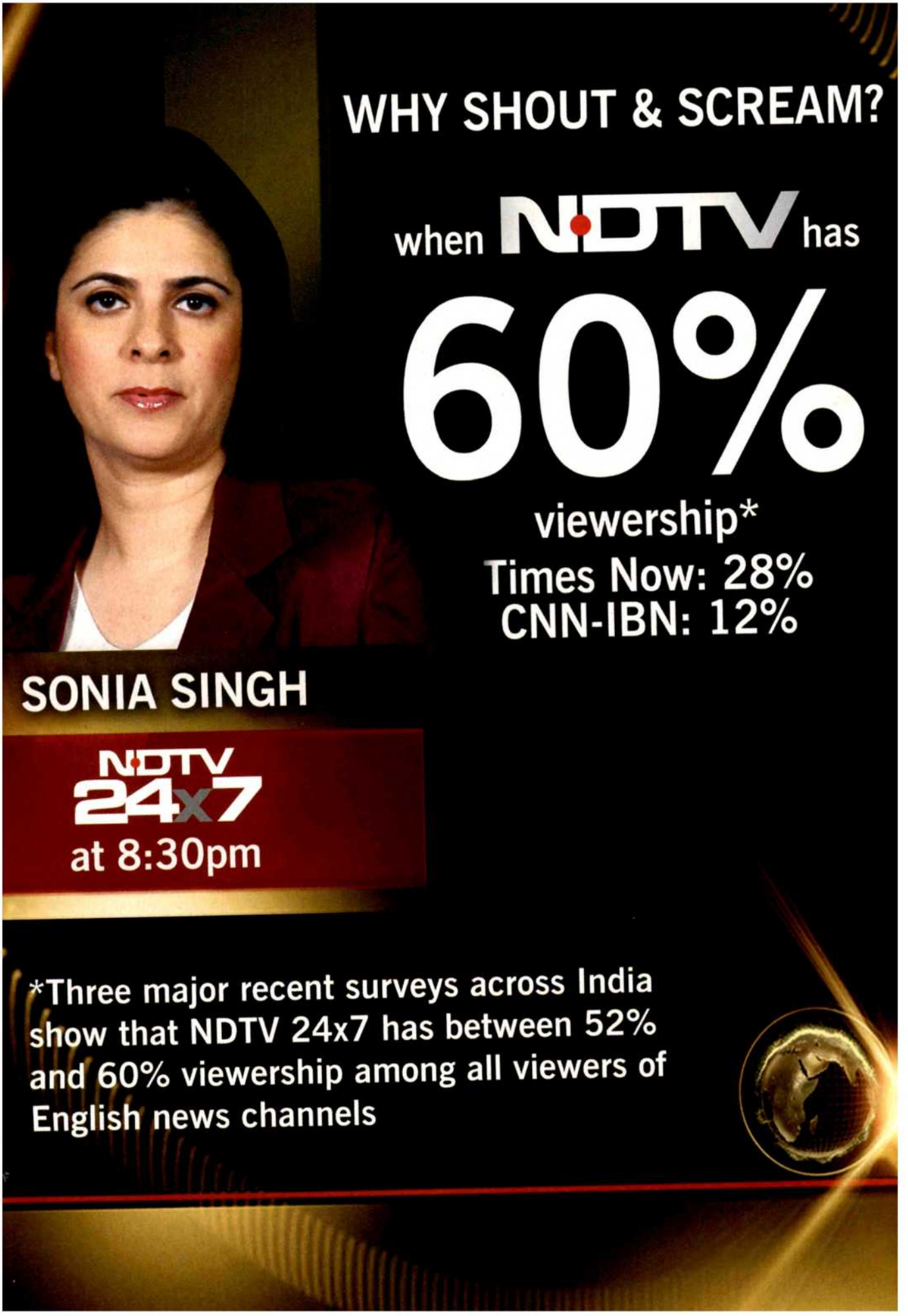
BOOKMARKS

Small Wonder: The Making of the Nano
By Philip Chacko, Christabelle Noronha and Sujata Agrawal
Westland Ltd
Pages: 149
Price: Rs 295

A chronicle, when it could have been a thriller. As the official story, it passes.

Predictable Results in Unpredictable Times
By Stephen R. Covey and Bob Whitman with Breck England
FranklinCovey Publishing
Pages: 110
Price: $14.99, or Rs 675

Of the four hazards of unpredictable times, the authors consider the crisis of trust the most important. The section on trust is the best. Trust us.


WHY SHOUT & SCREAM?
when NDTV has
60%
viewership*
Times Now: 28%
CNN-IBN: 12%
SONIA SINGH
NDTV 24x7
at 8:30pm
*Three major recent surveys across India show that NDTV 24x7 has between 52% and 60% viewership among all viewers of English news channels

Do You Have What It Takes?

Start preparing to be a leader before you get the role.

Around six months ago, Ragini (name changed) got the promotion she had been waiting for, and began leading a team of four in her company's human resources department. A mid-level manager with more than five years of experience, Ragini has since struggled at her job. "For the first time in my career, I just cannot control and manage my work the way I had been doing earlier," she says. She has been asked to lead, but is not equipped to be a leader yet.

What has gone wrong with her performance? After the promotion, Ragini has been playing more roles and it is no longer about her core competence. She is now leading the team, communicating with other teams, resolving conflicts and aligning her team to her thinking.

Ragini is not alone. Young managers like her often struggle to adjust in their new roles as leaders.

Talent experts say people like Ragini have to start preparing for leadership before they are given a leadership role. "Becoming a leader does not occur by osmosis. If you want to be a leader, you need to work at it," says organisational behaviour expert Lloyd Baird in his book *Leading People*. Sure, your organisation has identified you for the coveted leadership programme, but if you lack some skill or experience, be proactive and get it now.

Rajeev Peshawaria, CEO of ICLIF Leadership and Governance Centre in Malaysia, has often asked young employees with leadership potential to count the former bosses who they consider as good leaders. "More often than not, the answer is zero or one," he says.

ANAND SINHA

SO YOU WANT TO BE A LEADER

1. Ask to be assigned challenging projects early in your career
2. Watch how different people approach and solve problems
3. Get cross-functional exposure as soon as you can
4. Ask to be on a team working on a merger or acquisition
5. Communicate with your seniors and peers on their expectations
6. Ask for feedback. Be open to helpful criticism
7. If you feel you lack critical skills, enrol in leadership development programmes

Source: *Leading People* (Harvard Business School Press), HR experts

According to Peshawaria, who was earlier the chief learning officer at Morgan Stanley and The Coca-Cola Co., among other things, the first prerequisite for becoming a leader is to have the ability to see a better future. Most managers do not have this ability, even though they may be great problem solvers. Their brilliance comes to the fore when they are given a problem to solve. Leadership, however, requires them to see the bigger picture, he says.

One of the ways of doing that is to look for challenging projects early in your career that will provide you new and unusual problems to solve. Mentoring is great, but even when you do not have a mentor, observe how various leaders in your organisation approach and solve similar problems. Many organisations are open to their employees working across various functions. If possible, opt for cross-functional exposure (see *So You Want to be a Leader*).

Leadership experts say that different situations at work require different skill sets. For instance, a leader who gives orders and is expected to be obeyed is great when it comes to turnaround situations, crises and dealing with difficult employees. But such a leader may "inhibit the organisation's flexibility and weaken employee motivation," Baird says, while listing six styles of leadership. Apart from this "coercive" leadership, the other five are authoritative, affiliative, democratic, pacesetting and coaching.

"Effective leaders learn, practice and master each of the styles," says Baird.

SAUMYA BHATTACHARYA

Naukri Goes Back to School

After jobs, education is expected to be the new growth engine.

Call it backward integration. The company that built Naukri.com, the top job portal of India, is looking at a new growth engine in education. Naukri's parent company, Info Edge, has expanded a listing site that it started in May 2008 for students looking for options in higher education.

Shiksha.com is now a portal also offering advice, from mentors as well as peers. "We were not clear what the product would eventually be. We wanted to take it to the next level after giving it a final shape," says Hitesh Oberoi, Managing Director and CEO of Info Edge.

So if you are a high school student looking for the courses you want at the graduate level, the dates of important examinations ahead or just want advice on how to go about becoming an animator, Shiksha promises to have it all. The focus now is on professional courses.

"The site has now come into focus because it is getting a lot of traction. And, of course, the macro picture is that education today is big business," says Oberoi, who took over as the CEO from Sanjeev Bikhchandani in July 2010.

Oberoi says the portal gets close to 700,000 visitors every month. The company is not targeting the 10,000 or so students who get into the top institutes. There is a gap in terms of people requirement beyond these students. "Our market is the millions beyond those who make it to the top institutes," says Oberoi. In fact, one of the biggest areas of growth for the portal is distance learning — students looking for reskilling and part-time MBA courses.

The company is also rolling out a new Naukri.com site for the mobile platform. "We don't expect great things to happen in mobile in the first few months, but there is a lot of action in the segment," says Oberoi.

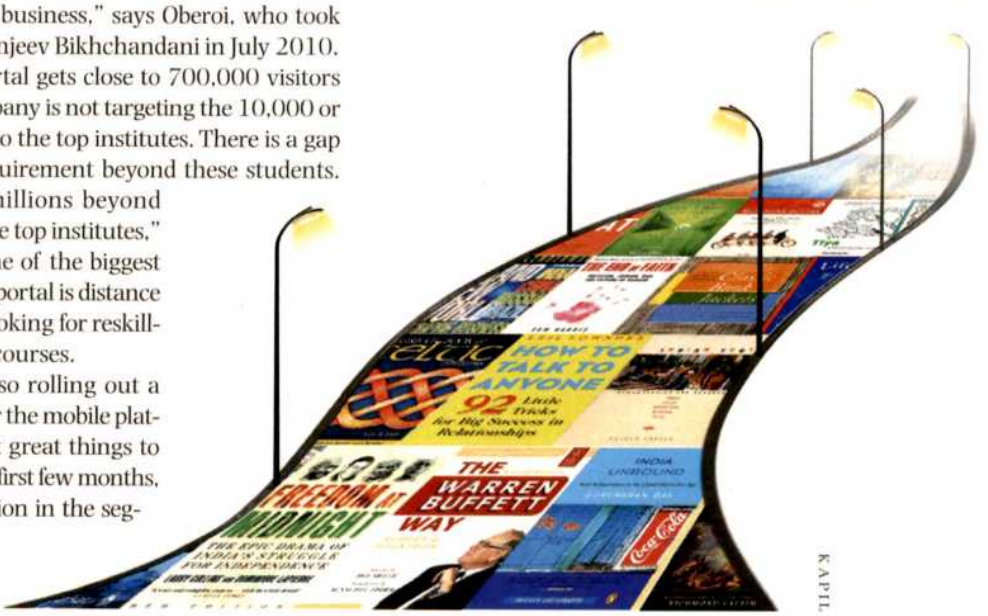
Unlike Naukri or even realty portal 99acres, Shiksha as a brand is not visible. According to Oberoi, the lack of visibility for the brand has been deliberate. "We have been working on the model and hence we have not built the brand so far. Also, the investment so far has been more in product development," he says.

The company has invested Rs 16 crore in the portal in the last two years, but it is not expected to make money very soon. "Shiksha is not yet adding to the top-line. The future investment will go into brand building and marketing," says Oberoi.

Shiksha is attracting 400-500 questions every day. "It is like a Wikipedia being built on education queries," says Oberoi. The portal is also building a network of mentors.

Shiksha also allows education institutes to make a listing. "We have already signed up with close to 800 institutes across India. We are also looking at institutes abroad," says Oberoi. ◆

SAUMYA BHATTACHARYA



KAPIL

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Infotech Enterprises Limited
Head - Corp Communications
Location: Hyderabad
Job ID: 8557072
Description: Professional should have strong experience in handling Corporate Communications, Content/ Brand Management, Public Relations, Client Servicing, Relationship Mgmt, Marketing.

Omnitech InfoSolutions Ltd
Sr. Integration Manager
Location: Mumbai
Job ID: 8869306
Description: Role: Be a key member of t team which will ensure smooth transition integration of acquired companies across business processes.

Oracle
Product Manager
Location: Delhi, Mumbai
Job ID: 8796327
Description: Person must have strong experience of mobile communications and media industries in South Asia; Strong understanding of the leading and local software platforms and trends etc.

Safenet InfoTech Pvt Ltd
Senior / Software Engineer (C++,Unix)
Location: Noida
Job ID: 8839818
Description: 3+ years of experience in desig and development in C/C++ preferab towards Smart Cards. Knowledge of Un operating system.

SIEMENS
Transition Manager (Project Management)
Location: Mumbai
Job ID: 8875112
Description: Graduate/ Post Graduate preferable in Engineering/ Management. PMP certification is highly preferable. Proficient in MS Project. Working Knowledge of MS Vision.

CedarCrestone Software India Pvt Ltd
Practice Lead- PeopleSoft
Location: Hyderabad
Job ID: 8823781
Description: Aspirant must have soli understanding and work experience as manager in a global PeopleSoft Practice hands-on PeopleSoft experience with multip pillars HCM, FIN, CRM.

Amity University
Director/H.O.D- Engineering college
Location: Gurgaon
Job ID: 8720849
Description: He/she should be a PhD from a reputed institute and should have a first class master's degree in the relevant management related discipline (B-Tech /Preferably Mtech).

Yahoo Software Development India Pv Ltd
Principal Engineer
Location: Bangalore
Job ID: 7414621
Description: Responsible for the overal health & performance of our search and ac serving platforms: Develop tools to automate the deployment, administration, monitoring of a large-scale Linux envy.

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IT Jobs brought to you by monster.com

IP Soft India Pvt Ltd
Business Development Manager (BDM) – IT Infrastructure Managed Services
Location: Bangalore
Job ID: 8837434
Description: IPsoft,one of the fastest growing MSPs in the world is looking for BDM – IT Infrastructure Managed Services.

Schneider Electric.
Sr. Software Engineer - R&D Building Business
Location: Mumbai
Job ID: 8862625
Description: Applicant must have exposure in software development, Knowledge on Access Control products; knowledge of Server side and client side development , VB6, JAVA, Servlet,MVC etc.

ACS, Inc.
Quality Manager
Location: Bangalore
Job ID: 7573548
Description: Responsible for documentation and effective implementation of applicable QMS processes as per the requirements. Development of appropriate performance dashboards etc.

Dell, Inc
Software Engineer/ Programmer
Location: Noida
Job ID: 8709502
Description: Incumbent must have expertise and relevant work experience in AS400 - DB2400, CL,C LLE, RPG, RPGLE; Good communication skills.

NVIDIA Corporation
SOFTWARE QA ENGINEER
Location: Pune
Job ID: 8873065
Description: Aspirant must have validation experience of embedded/Smartphone/smart book/notebook platforms and Oss; knowledge on testing embedded OS and device drivers, Linux Kernel etc.

Informatica Corporation
Senior Software Engineer
Location: Bangalore
Job ID: 8358371
Description: Applicant must have IT experience in product development, Java UI technologies, Java unit testing tools ; Strong knowledge of object-oriented design and design patterns.

Cybage
Software Engineer/ Programmer
Location: Ahmedabad, Pune
Job ID: 8852044
Description: Resource must have expertise in ASP.net, C#, SQL server 2000/2005, BizTalk, SharePoint, MOSS, Win Forms, and Web services; experience on SQL Server, SSIS, SSRS and SSAS.

Patni Computer Systems Ltd
Informatica Developers
Location: Hyderabad
Job ID: 8793797
Description: Candidate must have Informatica experience; Strong SQL & PL/SQL skills; experience in Query optimization & tuning, UNIX scripting; Exposure to data warehousing, data modeling.

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Everest Industries Ltd
Deputy Manager for Sales and Marketing
Location: Mumbai
Job ID: 8872460
Description: Tasks: Promotion of Light gauge steel frame technology concept in west and South West markets. Covering all projects and relevant institutions for generating business etc.

Logic Information System
Sr. Software Engineer
Location: Chennai / Bangalore
Job ID: 8033831
Description: Oracle Developers with 3-5 years of Experience in Oracle Data Base and Expert level Knowledge in ORMS V13 (functional) and Applications (ReSA, WMS, RPM and RIB).

Firstsource Solutions Limited
DGM Pre Sales
Location: Mumbai
Job ID: 8875276
Description: Role: Spearheading the overall Pre-Sales activities for prospects and clients; managing a team and taking overall ownership of all pre-sales requirements.

Photon Infotech Private Limited
Senior Manager - Business Development
Location: Chennai
Job ID: 8506470
Description: Duties: Develops & makes sales presentations to potential and existing clients. Produce incremental revenue through outbound sales calls, inbound leads, and response to request for proposal.

TATA Consultancy Services Ltd.
Business Development Manager
Location: Mumbai
Job ID: 8868886
Description: Person should have prepare minimum 30 to 50 RFI / RFP in a mont Hands on experience in E-Publishin background; Own the Bid Manageme Process – Solutions & Presales etc.

McAfee Software India Pvt Ltd.
Consumer Business Development Manager
Location: Mumbai
Job ID: 8873866
Description: Tasks: Identifying ar developing business opportunities in new ar existing top tier partners such a Telecommunication providers, ISP' Banking/Finance and Portal/hostin companies.

Monster.com
Key Account Manager
Location: Bangalore
Job ID: 7325821
Description: Graduate/Post graduate in an field; should have 4-7 years experience i business development, corporate sale experience is desirable; experience in handlin large enterprise clients.

Indegene Lifesystems Pvt Ltd
Senior Marketing Manager
Location: Bangalore
Job ID: 8737518
Description: Responsible for all PR & corporate communications; Build globa marketing & brand plan; Develop/ standardize all marketing tools and collaterals for services products, e-marketing.

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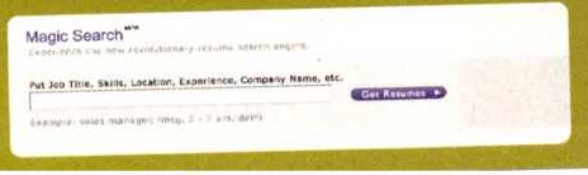

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Aricent Technologies Limited
Senior Engineering Project Manager (Layer 2, Layer3)
Location: Chennai
Job ID: 8385986
Description: Experience in design and implementation of Layer2/Layer3 Protocols - IEEE802.1d, VLAN (IEEE802.1Q), RSTP/ MSTP, IEEE802.3ad (Link Aggregation), and Unicast/ Multicast Routing Protocols

SunGard Solutions (I) Pvt. Ltd
Senior Software Engineer
Location: Pune
Job ID: 8694468
Description: Should Have developed Software using C# 2.0+ in the Dot Net framework. Used development tools like Visual Studio for development of application.Use of SQL Lite and any other light weight database.

Flamingo Pharmaceuticals Ltd
Assistant / Officer - Accounts
Location: Mumbai
Job ID: 8195240
Description: Duties: Maintain no. of bills checked daily. Time taken to clear the pending bills. No. of improvements suggested in systems, record maintenance timeliness etc.

Dr Reddys Laboratories
Team member - Capital Procurement (Civil)
Location: Hyderabad
Job ID: 8754840
Description: Duties: Understanding the project requirements; Obtaining quotes and floating enquiries to approved vendors; Preparing techno-commercial comparisons; Ensuring timely deliveries etc.

Keane Inc
Teradata - DBA
Location: Hyderabad
Job ID: 8376342
Description: Aspirant must have expertise in Database version v2r5x and v2r6x, Back up and recovery using net vault, Load utilities like TPUMP, FastLoad, FastExport. MLOAD, TASM etc.

Cisco Systems (India) Private Limited
APJ and India Theatre Finance Manager
Location: Bangalore
Job ID: 8876055
Description: Responsible for month end variance analysis, forecasts; managing the Annual, Quarterly Budget/Commit and the monthly Financial Review processes etc.

Barclays
Infrastructure Technician
Location: Pune
Job ID: 8216065
Description: Candiates should have minimum 3+ year experience in managing sharepoint server. overall windows 2003/2007 and scripting knowledge would be added advantage.

Capgemini Business Services (India) Ltd
Qualified Chartered Accountants
Location: Bangalore
Job ID: 8863320
Description: Candidates must have knowledge on AP, AR, GL, Month end closing, intercompany reconciliation, Budgeting, Forecasting, Fund Management, hedge Accounting, FP&A.

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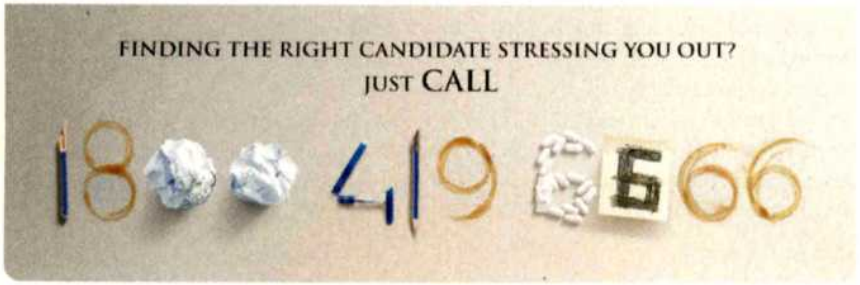

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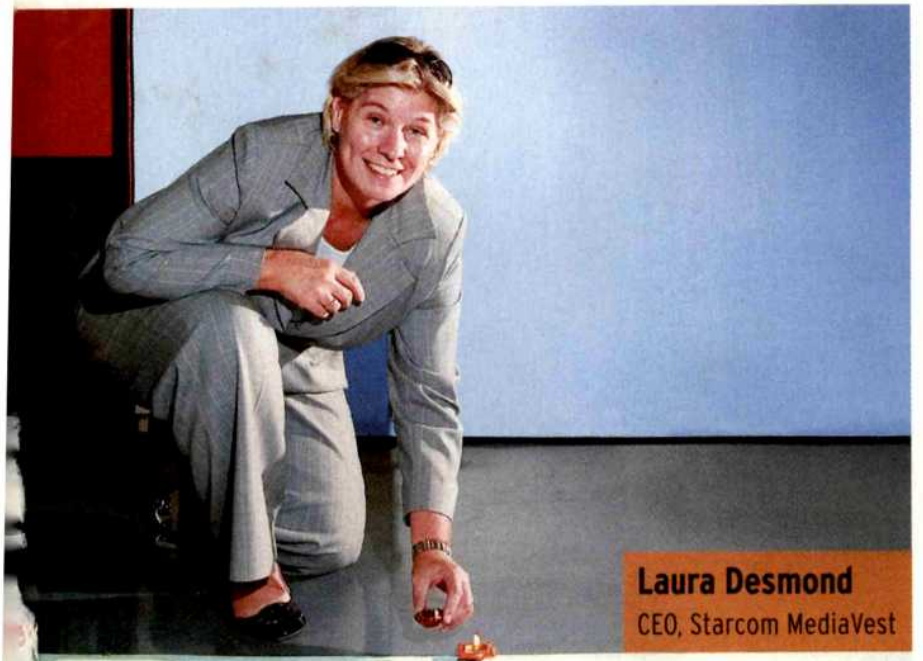
RACHIT GOSWAMI

Felix Padel
Author/Activist

No Tin Ear Here

Charles Darwin invited the ire of the Church with his seminal book *On The Origin of Species* in 1859. More than 150 years later, great-grandson **FELIX PADEL**'s book *Out of This Earth: East India Adivasis and the Aluminium Cartel* did not anger the Church but won him few friends in the Orissa government. The book helped build the case for the Ministry of Environment and Forests' rejection of the project for bauxite mining in the Niyamgiri Hills. The bauxite was intended for the Rs 36,000-crore Vedanta refinery expansion project at Lanjigarh. Padel, who, like his illustrious ancestor, is a distinguished academic but in anthropology, believes that the system of corporate largesse as proposed for most large industrial projects is a recipe for disaster. "There is no way to hold them (the industry) accountable in this model," he says. Padel is also a trained western classical musician, who carries his violin wherever he goes. He learnt dhrupad, the north Indian style of classical singing, at Benaras, and even gives classes on Indian music in London. It is, however, doubtful that Anil Agarwal, owner of the Vedanta Group, will be attending one of Padel's performances anytime soon.

SUMAN LAYAK



Laura Desmond
CEO, Starcom MediaVest

The Digital Doyenne

As more Indians get connected online, marketers are rushing to take advantage of this digital dividend. It is this opportunity, along with a chance to meet her Indian clients and colleagues, that brought **LAURA DESMOND**, Chief Executive of Starcom MediaVest Group, or SMG, one of the world's largest brand communications companies, to India for the first time. "Digital is not one size fits all. Internet, mobile and social networks are all different," she says. Digital is not a threat, she argues, instead returns will be better as digital is more effective.

ANUSHA SUBRAMANIAN

Keep Truckin'

The Hindujas have been in business for over nine decades and in that time they have been on a roller-coaster ride. Fortunes seemed to have hit rock-bottom when the family was forced to flee their headquarters in Iran after the Islamic Revolution of 1979. Since then, the family has been caught up in controversies in India and Britain. But the appointment of **DHEERAJ HINDUJA** as the Chairman of flagship Ashok Leyland could turn out to be a masterstroke. The first third-generation member of the family to take the helm, the London educated Dheeraj, 39, wants the Chennai-based truckmaker to be in the global top 10 within five years. But does he have a plan to combat the vice-like grip of Tata Motors on the truck industry?

N. MADHAVAN

Dheeraj Hinduja,
Chairman, Ashok Leyland

Abhisek Sarda,
Founder, pptsalon.com

Sliding at High Speed

Almost everything about **ABHISEK SARDA** is quirky. He came to Goa from Rajkot after his high school exams, loved the bohemian atmosphere and stayed back for good. Sarda, who has never been to college, is the founder of pptsalon.com, a website that helps companies and individuals produce "well groomed presentations". For Rs 4,999, Sarda and his team will turn out groovy PowerPoint presentations within 48 hours. Two months into his venture, Sarda has churned out fancy ppts for clients like Dr Reddy's, Saregama and Deloitte. Quick tips from the presentation whiz about how to spruce it up? "Never use Arial as a typeface," says Sarda. "Don't try and put everything in the presentation. You are supposed to talk, too."

T.V. MAHALINGAM

The Illusionist

In between handling the ceremonies of the Commonwealth Games and the opening of Gurgaon's new theme destination, Kingdom of Dreams, **VIRAF SARKARI**, Director and Promoter of Wizcraft, has hardly managed to catch enough sleep. "All's well that ends well," he chuckles while still overwhelmed by all the congratulatory messages that came his way. But he is not resting on his laurels, as he aims to open the third phase of the Kingdom of Dreams project soon. "We saw the Venetian (Las Vegas) and Moulin Rouge (Paris) and wondered why we could not have them here," he says. Getting the capital's notorious freeloaders to pay up at Kingdom of Dreams might require more than a little magic.

ANUMEHA CHATURVEDI

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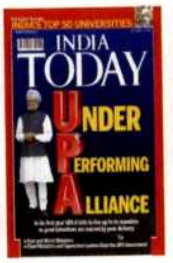

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SHEKHAR GHOSH/WWW.INDIATODAY.COM

On the 'Track' Ball

It has been 18 years since the first ThinkPad laptop rolled off the production line, and every one of the 60 million ThinkPads since then has been conceptualised by **ARIMASA NAITOH** and his team. Naitoh, Vice President of Notebook Development at Think Product Group, joined IBM in the 1970s well before the first portable computer was conceptualised. And he has gone on developing new generations of laptops even though the ThinkPad brand is owned by Chinese company Lenovo now. His biggest learning while developing computers is that business executives often treat their expensive gadgets the same way a baby does a rattle. At the Yamato Product labs in Japan where he works, his team comes up with concepts to improve the durability of their computers, giving machines unprecedented protection from frustrated workers (shock absorption and carbon-fibre body shells), spilled coffee (industry-leading drainage) and the ability to work in extreme weather. His next challenge is to make ThinkPads available in colours other than Black. ◆

KUSHAN MITRA

TOWARDS THE
NEXT ORBIT

GREAT CONFLUENCE OF GLOBAL THOUGHT LEADERS

National HRD Network announces its **14th National Conference** on the theme **"Towards the Next Orbit"** at Kingdom of Dreams, Gurgaon, India from 1st to 3rd December 2010

THE CONFERENCE AIMS AT PROVIDING INSIGHT ABOUT

- The emerging business landscape
- Developing insight about the skills, competencies, organizational processes and strategies needed to move organizations to the next orbit
- Creating the platform for dialoguing with global thought leaders who have made the difference; and
- Offering opportunity for mutual experience sharing and learning in the community of HR professionals

The event will be the great confluence of global thought leaders and role models who will engage with the audience and share their valuable wisdom and insights to facilitate the change process for propelling the organization to the next orbit.

DISTINGUISHED SPEAKERS

- **Shri Kapil Sibal**
  Hon'ble Union Minister of HRD, Govt. of India
- **Honorable Tejinder Khanna**
  Lt. Governor of Delhi
- **Mr. B.K. Chaturvedi**
  Member, Planning Commission
- **Mr. Arun Maira**
  Member, Planning Commission
- **Mr. Adi Godrej**
  Chairman, Godrej Industries
- **Mr. R.C.Bhargava**
  Chairman, Maruti Suzuki India

NHRD
National HRD Network
1st to 3rd December, 2010 | Kingdom of Dreams, Gurgaon

KEY SPEAKERS

- **Mr. Arvind Agrawal,** President – Corporate Development & Human Resources, RPG Enterprises
- **Dr. Ritu Anand,** Deputy CHRO, TCS
- **Dr. Alfredo Behrens,** Professor, Cross-Cultural Management, FIA, University of São Paulo, Brazil
- **Dr. Asha Bhandarkar,** Raman Munjal Chair Professor, MDI Gurgaon
- **Dr. P.V Bhide, President,** Corporate HR, JK Industries
- **Dr. Armin Bruck,** MD, Siemens India
- **Mr. Aquil Busrai,** CEO, Aquil Busrai consulting
- **Dr. Sripada Chandrasekhar,** VP & Head HR, IBM India & South Asia
- **Dr. Debashis Chatterjee,** Director, IIM Kozhikode
- **Mr. Bhaskar Chatterjee,** IAS, Secretary to the Government of India, Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises
- **Shri. S. K. Chaturvedi ,** CMD, Power Grid Corporation
- **Mr. Senthil Chengalvarayan,** President & Editorial Director of TV18 Business Media
- **Mr. M. Damodaran,** Retired IAS and former Chairman, SEBI, IDBI and UTI
- **Mr. Rajeev Dubey,** Director HR, Mahindra and Mahindra
- **Mr. P. Dwarkanath,** Director Group Human Capital, Max India
- **Prof Frederic Frery,** Professor of Strategy, European School of Management, Paris
- **Mr. Yugesh Goutam,** VP HR, RPG Enterprises
- **Dr. Arun Jain,** Professor of Strategic Management, IIM- Lucknow
- **Mr. Balwinder Kalsi,** MD DuPont India
- **Mr. K. R. Kamath, CMD,** Punjab National Bank
- **Mr. Sushil Kapoor,** CEO, Technical Textile Business, SRF
- **Mr. V.M. Kaul,** Director – Personnel, Power Grid Corporation of India
- **Mr. Vineet Kaul,** Chief People Officer, Hindalco Industries
- **Dr. Anil Khandelwal,** Former Chairman, Bank of Baroda
- **Ms. Chanda D. Kochhar,** MD & CEO, ICICI Bank
- **Mr. Manoj Kohli,** CEO & Joint MD, International Operations, Bharti Airtel
- **Mr. Ram Kumar,** Executive Director HR, ICICI Bank
- **Mr. Sunil Maheshwari,** Advisor, Ministry of HRD, Government of India
- **Mr. Rohtash Mal,** CEO Escorts Agri Machinery Group
- **Retired General** V.P. Malik, Indian Army
- **Mr. M. D. Mallya,** CMD, Bank of Baroda
- **Dr. Santrupt Misra,** CEO, Carbon Black Business & Group HR Director, Aditya Birla Group
- **Ms. Kalpana Morparia,** CEO, JP Morgan
- **Mr. Suresh Tripathi,** President HR, SRF
- **Mr. Anand Nayak,** Executive Vice President, Corporate Human Resources, ITC

KEY SPEAKERS

- **Mr. Anadi Pandey,** Vice President (HRM) Corporate Planning & Strategy, Hero Honda Motors
- **Mr. Vivek Paranjpe,** Consultant, Vivek Paranjpe Associates
- **Mr. Mayank Pareek,** Managing Executive Officer (Marketing & Sales), Maruti Suzuki India
- **Mr. Sourav Das Patnaik,** Director-HR & Strategy, Apeejay Group
- **Mr. Satish Pradhan,** Executive Vice President Group HR Tata Sons
- **Prof. Gregory Prastacos,** Professor of Management Sciences, Rector, Athens University of Economics & Business
- **Mr. N. S. Rajan,** Partner, EMEIA, People & Organization Leader, Ernst & Young
- **Mr. GP Rao,** Head-HR & MS, Recron Malaysia, Member Reliance Industries
- **Mr. Raman Roy,** CMD, Quattro BPO Solutions
- **Ms. Sonali Roychowdhury,** Head – HR, Procter and Gamble
- **Mr. Serge Sardo,** President AHRI, Australia
- **Mr. RS Sharma,** CMD, ONGC
- **Mr. S.Y. Siddiqui,** Managing Executive Officer–Admn (HR, IT, Finance & COSL), Maruti Suzuki India
- **Dr. Pritam Singh,** Professor of Eminence, MDI Gurgaon
- **Mr. Gurdeep Singh,** CEO, Aircel
- **Mr. Harshpati Singhania,** MD, JK Industries
- **Mr. Pramath Sinha,** Founder & Managing Director, 9.9 Mediaworx Pvt
- **Prof. Davide Sola,** Professor, Strategy & Former Director, ESCP, London Campus
- **Mr. H. N. Srinivas,** Senior Vice President HR, Taj Group
- **Dr. Yasho V. Verma,** COO, LG Electronics India
- **Ms. Vinita Bali,** MD, Britannia Industries
- **Dr. Mukund Vyas,** HR Director, Siemens India
- **Mr. Inder Walia,** Group Director HR, Bharti Enterprises
- **Dr. Richard S. Wellins,** Senior VP Global Marketing & Business, DDI
- **Mr. Adam Werbach,** Global Chief Sustainability Officer, Saatchi & Saatchi

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BISWADIP 'BOBBY' MITRA

President & Managing Director, Texas Instruments India

My leadership style

- ☐ Delegative
- ☑ Participative
- ☐ Authoritative
- ☐ All of the above

The political leader I admire the most
Mahatma Gandhi

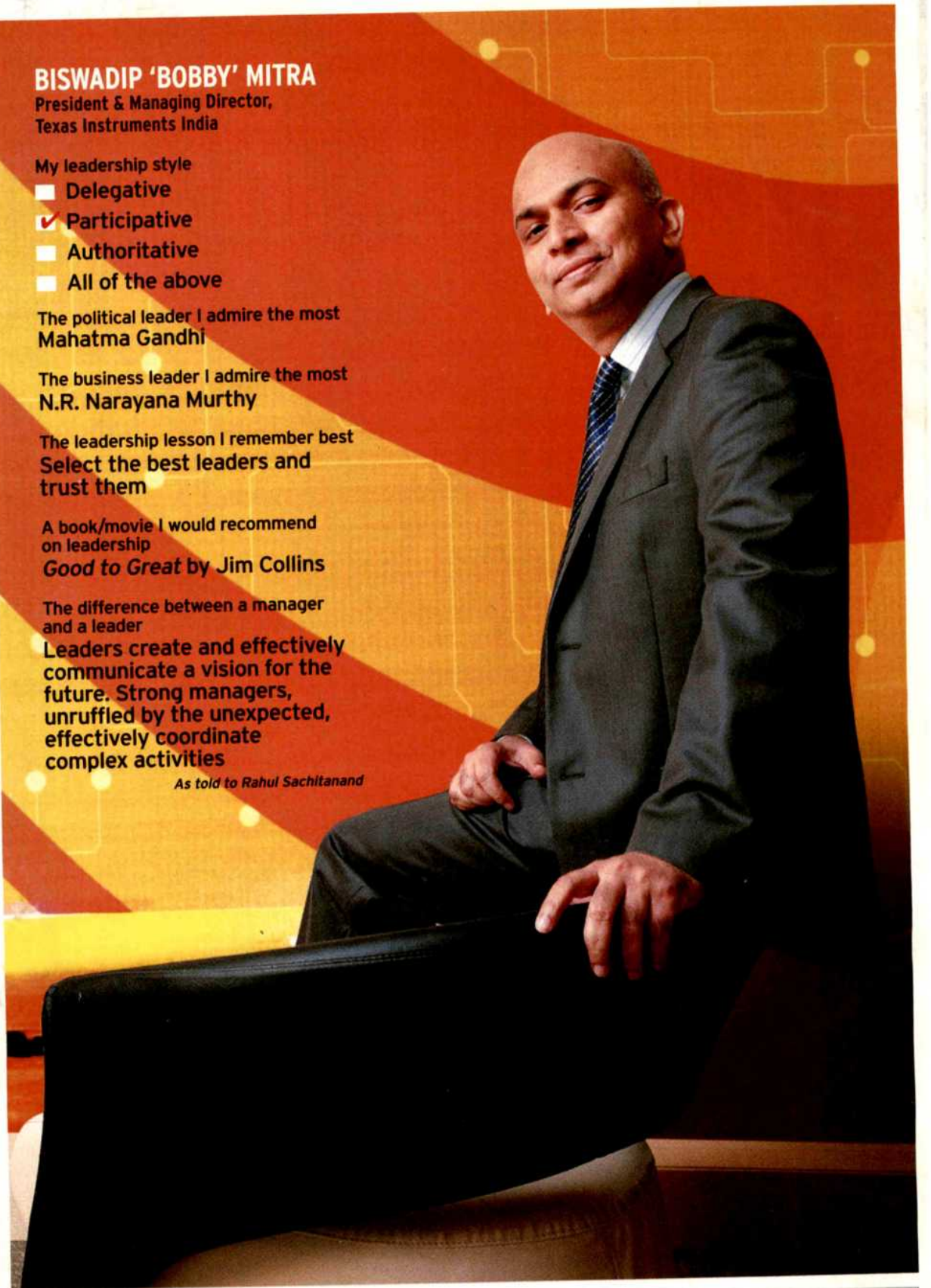
The business leader I admire the most
N.R. Narayana Murthy

The leadership lesson I remember best
Select the best leaders and trust them

A book/movie I would recommend on leadership
Good to Great by Jim Collins

The difference between a manager and a leader
Leaders create and effectively communicate a vision for the future. Strong managers, unruffled by the unexpected, effectively coordinate complex activities

As told to Rahul Sachitanand



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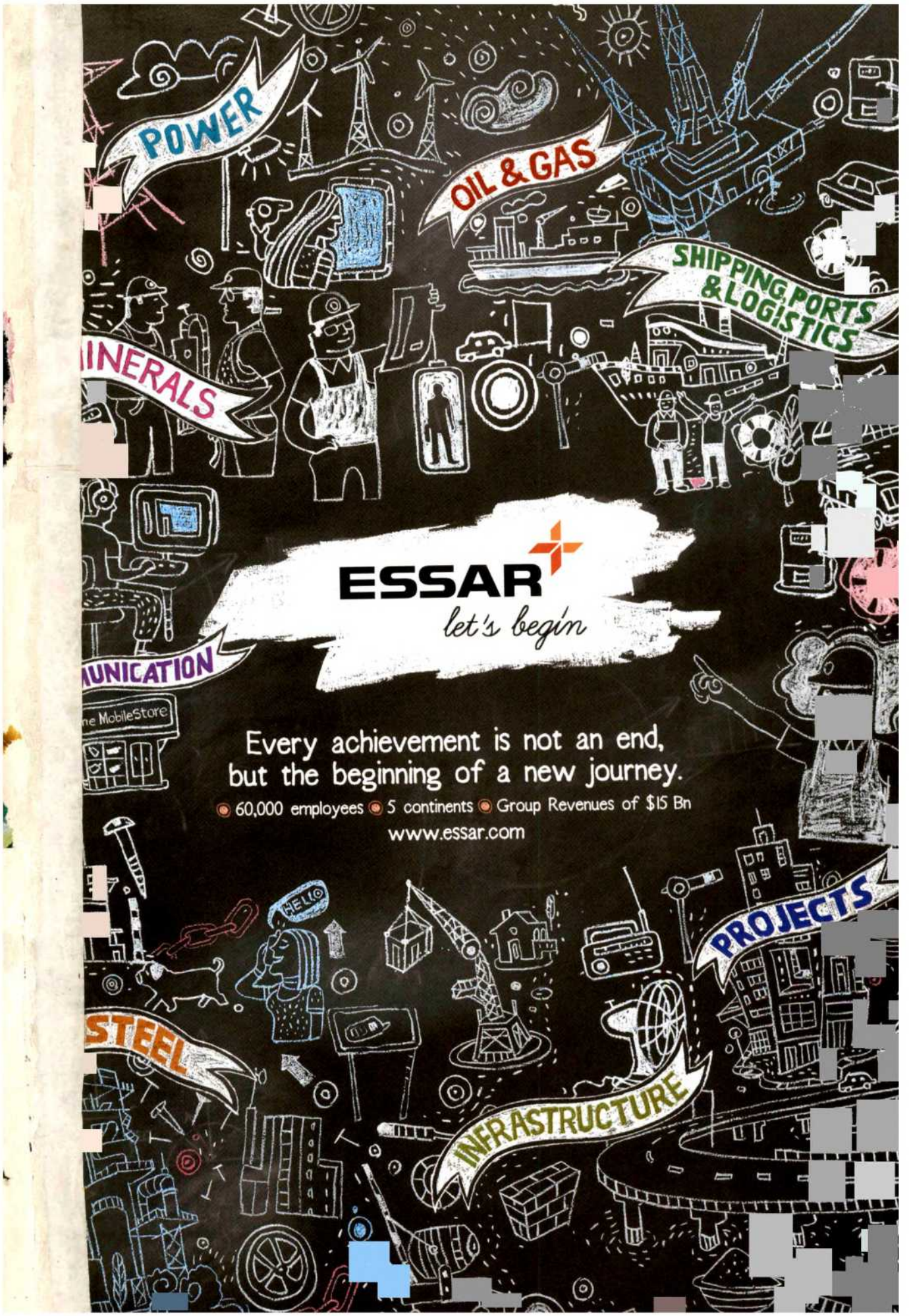
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